



**Argyll and Bute Council**  
**Comhairle Earra-Ghàidheal Agus Bhòid**

*Executive Director: Douglas Hendry*

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*8 August 2019*

**NOTICE OF MEETING**

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 15 AUGUST 2019** at **10:30 AM**, which you are requested to attend.

Douglas Hendry  
Executive Director

**BUSINESS**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST (IF ANY)**
- 3. MINUTES**
  - (a) Policy and Resources Committee held on 16 May 2019 (Pages 5 - 10)
  - (b) Sub-Committee of the Policy and Resources Committee held on 16 May 2019 (Pages 11 - 12)
- 4. FINANCIAL REPORT MONITORING PACK - 30 JUNE 2019** (Pages 13 - 154)  
Report by Head of Financial Services
- \* **5. BUDGET OUTLOOK 2020-21 TO 2022-23** (Pages 155 - 174)  
Report by Head of Financial Services
- 6. QUARTERLY PERFORMANCE REPORT FQ1 2019-20** (Pages 175 - 192)  
Joint Report by Executive Director Customer Services and Head of Financial Services
- 7. SERVICE ANNUAL PERFORMANCE REVIEWS 2018-19** (Pages 193 - 236)  
Report by Executive Director – Customer Services

8. **LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 - ANALYSIS AND COMMENTARY** (Pages 237 - 262)  
Report by Executive Director with responsibility for Customer and Support Services
- \* 9. **WELLBEING STRATEGY: IMPROVING THE WELLBEING OF OUR WORKFORCE** (Pages 263 - 278)  
Report by Executive Director with responsibility for Human Resources
10. **STRATEGIC EVENTS AND FESTIVALS FUND - LESSONS LEARNT AND KEY CHANGES TO 2020/21 FUND PROCESS** (Pages 279 - 286)  
Report by Executive Director with responsibility for Development and Economic Growth
11. **DRAFT COMMUNITY FOOD GROWING STRATEGY** (Pages 287 - 324)  
Report by Executive Director with responsibility for Development and Economic Growth
12. **BUSINESS LOANS SCOTLAND LTD - PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION** (Pages 325 - 328)  
Report by Executive Director with responsibility for Development and Economic Growth
13. **REQUEST FROM THE COUNCIL'S INWARD INVESTMENT FUND: SCOTTISH MARINE INDUSTRY TRAINING CENTRE - PROJECT DIRECTOR** (Pages 329 - 336)  
Report by Executive Director with responsibility for Economic Growth
- \* 14. **FILM IN ARGYLL AND BUTE - REVIEW OF FILM LOCATION CHARGING SCHEDULE**
  - (a) Report by Executive Director with responsibility for Economic Growth (Pages 337 - 342)
  - (b) Appendix One (Pages 343 - 344)

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#### **REPORTS FOR NOTING**

15. **ARGYLL AIR SERVICES PSO TENDER** (Pages 345 - 346)  
Report by Executive Director with responsibility for Strategic Transportation - Airports
16. **POLICY AND RESOURCES COMMITTEE WORK PLAN** (Pages 347 - 348)

Items marked with an "asterisk" are items, on the basis of information available at the time this Agenda is published, on which the Committee may not have delegated powers to act, and which may therefore require to be referred to the Council or another Committee, and that referral may depend on the decision reached at the meeting.

The Committee will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an "E" on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraph is:-

**E1 Paragraph 6** Information relating to the financial or business affairs of any particular person (other than the authority).

## **Policy and Resources Committee**

Councillor Rory Colville	Councillor Robin Currie
Councillor Lorna Douglas	Councillor Audrey Forrest
Councillor Kieron Green	Councillor Roderick McCuish
Councillor Yvonne McNeilly	Councillor Aileen Morton (Chair)
Councillor Ellen Morton	Councillor Gary Mulvaney (Vice-Chair)
Councillor Douglas Philand	Councillor Alan Reid
Councillor Elaine Robertson	Councillor Len Scoullar
Councillor Sandy Taylor	Councillor Richard Trail

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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL  
CHAMBER, KILMORY, LOCHGILPHEAD  
on THURSDAY, 16 MAY 2019**

**Present:** Councillor Aileen Morton (Chair)

Councillor Rory Colville	Councillor Ellen Morton
Councillor Robin Currie	Councillor Alan Reid
Councillor Lorna Douglas	Councillor Elaine Robertson
Councillor Audrey Forrest	Councillor Len Scoullar
Councillor Kieron Green	Councillor Sandy Taylor
Councillor Roderick McCuish	Councillor Richard Trail

**Also Present:** Councillor Jim Lynch Councillor Sir Jamie McGrigor

**Attending:** Cleland Sneddon, Chief Executive  
Douglas Hendry, Executive Director of Customer Services  
Pippa Milne, Executive Director of Development and Infrastructure Services  
Kirsty Flanagan, Head of Strategic Finance  
Charles Reppke, Head of Governance and Law  
Tricia O'Neill, Central Governance Manager

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Yvonne McNeilly, Gary Mulvaney and Douglas Philand.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES**

The Minutes of the meeting of the meeting of the Policy and Resources Committee held on 14 February 2019 were approved as a correct record.

Arising from item 3 (Minutes), Councillor Kieron Green asked the Committee to note that under declarations of interest in the Policy and Resources Committee Minute of 13 December 2018, that he was a member of the Lorn Highland Games Committee and not the Royal Highland Games Committee as had been recorded in the Minute.

**4. BUDGET OUTLOOK 2020-21 TO 2022-23**

The Committee gave consideration to a report summarising the budget outlook covering the period 2020-21 to 2022-23 taking into consideration the budget decisions taken at the Council Budget meeting held on 21 February 2019.

**Decision**

The Policy and Resources Committee noted the current estimated budget outlook position for the period 2020-21 to 2022-23.

(Reference: Report by Head of Strategic Finance dated 8 May 2019, submitted)

**5. HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2018-19**

The Committee considered a report that advised that a formal request had been received from the Chief Financial Officer of the Integrated Joint Board (IJB) to request that consideration is given to payback arrangements relating to the overspend on Social Work Services within the Health and Social Care Partnership (HSCP) for 2018-19.

**Decision**

The Policy and Resources Committee -

1. Approved that the Social Work 2018-19 overspend of £3.127m is repaid by the HSCP over a period of three years with repayments weighted across the three years.
2. Noted that repayments would be £0.800m in 2020-21, £1.000m in 2021-22 and the balance of £1.327m in 2022-23 and that the agreement would be reviewed at the end of 2019-20.

(Reference: Report by Head of Strategic Finance dated 8 May 2019, submitted)

**6. CUSTOMER SERVICES PERFORMANCE REPORT FQ3 AND FQ4**

The Committee gave consideration to a report that presented them with the Departmental Performance Report with Scorecards for Customer Services and Strategic Finance for financial quarter three and financial quarter four 2018-19.

**Decision**

The Committee noted the Departmental Performance Report with Scorecards for Customer Services and Strategic Finance for financial quarter three and financial quarter four 2018-19.

(Reference: Report by Executive Director – Customer Services dated May 2019, submitted)

**7. ALTERNATIVE OPTIONS FOR DISTRIBUTION OF DISCRETIONARY FUNDING TO COMMUNITY COUNCILS**

The Committee gave consideration to a report in relation to the distribution of £10,000 discretionary funding to Community Councils. The report invited the Committee to determine whether or not to change the grant criteria for financial year 2019/20.

**Decision**

The Policy and Resources Committee agreed not to change the grant criteria for financial year 2019/20.

(Reference: Report by Executive Director – Customer Services dated 8 May 2019, submitted)

Councillor Sandy Taylor left the room during consideration of the following item.

\* **8. COUNCIL OPERATED FERRIES - POTENTIAL TRANSFER TO TRANSPORT SCOTLAND**

Consideration was given to a report that detailed the work carried out to date with a view to transferring subsidised ferry services currently operated by the Council to Transport Scotland.

**Decision**

The Policy and Resources Committee –

1. Agreed that the Council continue to pursue the transfer of ferries to Transport Scotland.
2. Agreed that the transfer should be on the basis of 'no transfer of revenue funding'.
3. Referred the decision of the Committee to the Council for endorsement.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2019, submitted)

Councillor Sandy Taylor re-joined the meeting during consideration of the following item of business.

**9. HELENSBURGH WATERFRONT DEVELOPMENT (HWD) - DEVELOPMENT FUNDING**

Consideration was given to a report which sought approval from the Committee for the drawdown of an additional £235,000 of development funding, from the approved budget of £19,510,680, to cover the costs of the project through to September 2019.

**Decision**

The Policy and Resources Committee approved the drawdown of up to a further £235,000 in development funding to take the project through to the completion of the Full Business Case and Contract Award Recommendation Report, scheduled for September 2019.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 3 May 2019, submitted)

**10. TARBERT AND LOCHGILPHEAD REGENERATION PROJECT - IMPROVEMENTS TO BARMORE ROAD/GARVEL ROAD JUNCTION, TARBERT**

The Committee gave consideration to a recommendation from the Special meeting of the Mid Argyll, Kintyre and the Islands Area Committee held on 24 April 2019 in relation to the Tarbert and Lochgilphead Regeneration Project.

**Decision**

The Policy and Resources Committee agreed that –

1. The full business case is approved and that Council funding of up to £295,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund.
2. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services for the delivery of the project as per the agreed programme.

(Reference: Extract from Minute of the Special Meeting of the Mid Argyll, Kintyre and the Islands Area Committee held on 24 April 2019; and report by Executive Director – Development and Infrastructure Services dated 24 April 2019, submitted)

#### **11. REVIEW OF ADVICE SERVICES**

A report which provided Members with an update on the position with the implementation of the new arrangement for advice services relating to debt, welfare rights and homelessness advice was before the Committee for noting.

##### **Decision**

The Policy and Resources Committee noted the improvements that had been made to date and that the new arrangements would be fully in place by 1 July 2019, when the contract with the single advice provider takes effect.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2019, submitted)

#### **12. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT MAY 2019**

The Policy and Resources Committee work plan as at May 2019 was before the Committee for noting.

##### **Decision**

The Policy and Resources Committee noted the work plan as at May 2019.

(Reference: Policy and Resources Committee work plan as at May 2019, submitted)

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

#### **13. COUNCIL OFFICER SUPPORT TO CHARITABLE TRUST**

The Committee gave consideration to a report that sought authority to appoint a suitably qualified officer to assist a charitable trust.

##### **Decision**

The Policy and Resources Committee agreed the recommendation as contained within the submitted report.

(Reference: Report by Executive Director – Customer Services dated 25 April 2019, submitted)

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**MINUTES of MEETING of SUB-COMMITTEE OF THE POLICY AND RESOURCES  
COMMITTEE held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD  
on THURSDAY, 16 MAY 2019**

**Present:** Councillor Roderick McCuish (Chair)

Councillor Rory Colville	Councillor Sandy Taylor
Councillor Len Scoullar	Councillor Richard Trail

**Attending:** Douglas Hendry, Executive Director of Customer Services  
Patricia O'Neill, Central Governance Manager  
David Logan, Special Projects and Quality Improvement Manager  
Michael Nicol, Special Projects Officer

The Central Governance Manager welcomed those present to the inaugural meeting of the Sub-Committee and advised that apologies had been received from Councillor Gary Mulvaney who had been appointed Chair of the Sub-Committee. She advised that there had been no vice chair appointed to the sub-committee and in terms of the standing orders the remaining Members were required to appoint a Chair. Councillor Colville nominated Councillor McCuish, this was seconded by Councillor Scoullar, and it was unanimously agreed to appoint Councillor McCuish as Chair.

Councillor McCuish took the Chair and introductions were made.

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Gary Mulvaney.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest intimated.

**3. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - ASSET TRANSFER REQUEST - ISLE OF GIGHA HERITAGE TRUST - ISLE OF GIGHA FERRY TERMINAL CAR PARK - ASSESSMENT AND DECISION**

The Sub-Committee gave consideration to a report advising them on the decision taken by the Executive Director – Customer Services to refuse the asset transfer request submitted by Isle of Gigha Heritage Trust in respect of Gigha Ferry Terminal car park for transfer of ownership for £1 in accordance with the recommendation from the Asset Transfer Group. The sub-committee were invited to make a final determination on the asset transfer request.

**Decision**

The Sub-Committee –

1. Refused the asset transfer request by Isle of Gigha Heritage Trust in respect of the Isle of Gigha Ferry Terminal Car Park in accordance with the reasonable grounds for refusal as set out by the Asset Transfer Group and the Executive Director of Customer Services; and as detailed at paragraph 4.12 of the submitted report.

2. Requested that officers explore with the Isle of Gigha Heritage Trust other avenues short of an asset transfer request transferring ownership that could be utilised to advance their proposal.

(Reference: Report by Executive Director – Customer Services dated 24 April 2019, submitted)



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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****15 AUGUST 2019**

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**EXECUTIVE SUMMARY****FINANCIAL REPORT MONITORING PACK – 30 JUNE 2019**

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**1. INTRODUCTION**

1.1 This report provides a summary of the financial monitoring reports as at the end of June 2019. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 30 June 2019
- Monitoring of Policy Savings Options as at 30 June 2019
- Monitoring of Financial Risks as at 30 June 2019
- Capital Plan Monitoring Report as at 30 June 2019
- Treasury Monitoring Report as at 30 June 2019
- Reserves and Balances as at 30 June 2019.

**2. DETAIL****2.1 Revenue Budget Monitoring Report**

2.1.1 This report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.

2.1.2 There is a forecast overspend of £2.384m as at the end of June 2019. The overspend is in respect of the following and will continue to be monitored closely over the remainder of the financial year:

- Overspend of £2.307m in Social Work due to forecast slippage on the delivery of agreed efficiency savings and also a high demand for services.
- Overspend of £0.077m in relation to the support costs of Oracle e-Business Suite.

2.1.3 There is a year to date underspend of £0.414m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.

***Health and Social Care Partnership – Financial Update***

2.1.4 I have been providing a regular update at each Policy and Resources Committee since October 2018 in relation to the Health and Social Care Partnership and I intend to continue to include an update in each financial

monitoring pack.

- 2.1.5 The IJB approved a balanced budget for 2019-20 at its meeting held on 27 March 2019. Savings proposals of £6.794m were approved, £5.058m of management/operational savings and £1.736m of policy savings. This was a positive step forward for the Health and Social Care Partnership and the Senior Leadership Team were confident that all the proposals agreed were deliverable. The savings remove much of the contingencies and slippages out of the budget and whilst this is the right thing to do, does increase the risk of overspend in the future if budgets are not closely managed and monitored.
- 2.1.6 It is now disappointing to note that the total forecast outturn position at the end of the first quarter is an estimated overspend of £2.806m for 2019-20 (£2.306m Social Work and £0.500m Health).
- 2.1.7 In terms of the Social Work element of the overspend, the forecast is based on the current commitments and spending patterns to date in addition to adjustment to the estimated delivery of the savings targets. The shortfall in savings for Social Work is estimated to be £1.1m as very little of the remaining planned savings from 2018-19 have been delivered so far, nor are there detailed plans in progress for these. Therefore the forecast has been prepared based on an estimate of delivering only 50% of these planned savings throughout the remainder of the year. Of the new savings agreed for the 2019-20 budget, all have been delivered with the exception of the management re-structuring which is now targeted to complete in September.
- 2.1.8 If all of the Social Work savings were delivered as agreed, the overspend would reduce to around £1.2m. The overspend of £1.2m is in relation to demand within care home placement services for older people and supporting living services for people with physical and learning disabilities.
- 2.1.9 The most significant risk affecting the forecast outturn position for Health is the SLA for Greater Glasgow and Clyde. At the last IJB a decision was made to reject the increase and the forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by up to £2m.
- 2.1.10 I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months.
- 2.1.11 There remains a significant estimated budget gap in future years, however, it is positive to note that preparation for the 2020-21 budget is already underway and officers are currently developing savings options to be discussed with the Quality and Finance Board in August. I will continue to engage with the Head of Finance and Transformation and provide regular

updates to Committee.

## 2.2 Monitoring of Policy Savings Options

2.2.1 This report provides an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20. The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.

2.2.2 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed. The table below includes savings agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018/19 or have further increases in value in 2019-20.

2.2.3 The table below outlines the progress as at 30 June 2019 for the new policy savings options agreed in February 2019.

Category	No of Options	2019-20 £000	2020-21 £000	2021-22 £000
Delivered	9	441.3	470.0	545.0
On Track to be Delivered	8	1,052.0	1,460.0	1,460.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	1	105.0	140.0	140.0
Delayed	0	0.0	0.0	0.0
<b>Total</b>	<b>18</b>	<b>1,598.3</b>	<b>2,070.0</b>	<b>2,145.0</b>

2.2.4 The table below outlines the progress as at 30 June 2019 for the policy savings options agreed in February 2018 but not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards.

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	4	234.0	582.0	971.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	2	20.0	44.0	54.0
Delayed	1	-130.0	13.0	286.0
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>

2.2.5 There are three savings categorised as having a potential shortfall and one that is currently delayed as summarised below.

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.
- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including ‘non-turnstile’ gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b – Review charges for stadiums to enable improvement work – Possible shortfall in achieving 2019-20 target due to charging issues.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council’s Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

## **2.3 Monitoring of Financial Risks**

2.3.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

2.3.2 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £4.673m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.

2.3.3 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

2.3.4 The top 3 risks in terms of their likely financial impact are noted in the table

below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500
Roads and Amenity Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	4	620
Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300

2.3.5 The have been four changes to the departmental risks since the financial risks report included within the budget pack was reported to Council on 21 February 2019.

- The risk of overspend within Education central repairs has increased in likelihood from possible to likely and the financial impact has increased by £0.050m. The Education Service are trying to mitigate this overspend by regular liaison with Property Services regarding the prioritisation and commitment of spend.
- The risk in relation to the Regional Collaborative within Education has now been removed with the intention to incorporate the additional work within the work pattern for schools and officers.
- A further Education risk in relation to ASN support has been downgraded from possible to unlikely with a financial impact reduction of £0.100m. This is due to a demand pressure being built into the 2019-20 budget and continuous monitoring and review of the ASN allocations.
- The risk in relation to winter maintenance has been reduced to £0.200m. Additional budget was added to winter maintenance in 2019-20, however, a risk remains as it's very dependent on the weather.

## 2.4 Capital Plan Monitoring Report

2.4.1 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.

2.4.2 Actual net expenditure to date is £3.014m compared to a budget for the year to date of £3.125m giving rise to an underspend for the year to date of £0.111m (3.6%). The most significant project contributing to this underspend is Early Learning and Childcare 1140 hours where spend has been re-profiled and therefore propose to slip the budget accordingly.

2.4.3 The forecast outturn for 2019-20 is a forecast net expenditure of £28.398m compared to an annual budget of £33.128m giving rise to a forecast underspend for the year of £4.730m (14.3%). The most significant project contributing to this is Early Learning and Childcare 1140 hours, where budget will be slipped to 2020-21 to reflect actual timing of cash flows when

1140 hours provision will be fully implemented. Environmental, TIF and CARS Projects also contributed smaller amounts to this underspend.

- 2.4.4 The forecast total net projects costs on the capital plan are £226.246m compared to a total budget for all projects of £226.202m giving rise to a forecast overspend for the overall capital plan of £0.044m (0.02%). This overspend is due to numerous small overspends across the capital programme where Project Managers will monitor the position closely and if ongoing will consider how they will be funded.
- 2.4.5 In respect of total project performance, there are 179 projects within the capital plan, 158 are on track, 20 are off target and recoverable and 1 projects is off track.

## **2.5 Treasury Monitoring Report**

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 The external borrowing of the Council decreased by £10.4m during the period.
- 2.5.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2019 and at this stage in the financial year capital expenditure is on target.
- 2.5.4 The levels of investments were £81.5m at 30 June 2019. The rate of return achieved was 0.959% which compares favourably with the target of 7 day LIBID which was 0.570%.

## **2.6 Reserves and Balances**

- 2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.6.2 The Council has a total of £194.654m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 2.6.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £6.947m is still to be drawn down in 2019-20
  - £2.697m is planned to be spent in future years.

- 2.6.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.

	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 <sup>th</sup> June 2019	(94)
Current Forecast Outturn for 2019-20 as at 30 June 2019	(2,384)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(772)</b>

- 2.6.6 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and be using £0.772m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months. At this stage, I am not recommending that the Council need a recovery plan as the IJB recovery plan has actions to bring the Social Work spending back in line with budget and this would take the Council out of a forecast contingency position. The delivery of the recovery plan will be closely monitored.

## **2.7. VIREMENTS OVER £0.200m (Revenue)**

- 2.7.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that required approval. Capital virements are included within the capital monitoring report.
- 2.7.2 For the period April to June 2019, there were no revenue virements of over £0.200m requiring authorisation.

## **3. RECOMMENDATIONS**

- 3.1 It is recommended that the Policy and Resources Committee:
- a) Consider the revenue budget monitoring report as at 30 June 2019 and note the comments in respect of the Health and Social Care Partnership.
  - b) Note the progress with the policy savings options as at 30 June 2019.
  - c) Note the financial risks for 2019-20.

- d) Consider the capital plan monitoring report as at 30 June 2019 and approve the proposed changes to the capital plan as detailed in Appendix 7 to the report.
- e) Note the treasury monitoring report as at 30 June 2019.
- f) Consider the reserves and balances report as at 30 June 2019.
- g) Note that there are no revenue virements over £0.200m for approval.

**4. IMPLICATIONS**

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2019-20 as at 30 June 2019.
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.6	Risk -	Risks are included in financial risks report.
4.7	Customer Service -	None.

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

**Policy Lead for Strategic Finance and Capital Regeneration Projects -**  
**Councillor Gary Mulvaney**



<p><b>Overall Position:</b></p> <ul style="list-style-type: none"> <li>• There is a forecast overspend for 2019-20 of £2.384m as at the end of June 2019. The main overspend is in relation to Social Work, where there is an overspend of £2.307m due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services. There is also an overspend of £0.077m in relation to the support costs for Oracle e-Business Suite.</li> <li>• There is a year to date underspend of £0.414m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances within the departments mainly relate to the timing of income and expenditure and recharging of costs to capital.</li> </ul>
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<p><b>Key Highlights as at June 2019:</b></p> <ul style="list-style-type: none"> <li>• This is the first quarterly report and the forecast outturn is an overspend of £2.384m. Steps will be taken to mitigate against this level of overspend continuing throughout the year.</li> </ul>
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<p><b>Key Financial Successes:</b></p> <p>The performance against budget for the financial year 2018-19 was a net underspend of £1.037m in relation to Council service departmental expenditure, a net underspend of £0.863m in relation to other central costs and additional Council Tax income over budget of £0.109m. However, these underspends were offset by an overspend within Social Work, managed by the Health and Social Care Partnership of £3.127m.</p>
--

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Achieving a favourable year-end balanced position and achieving savings targets in light of council wide risks to expenditure.	Robust monitoring of the financial position to ensure that any budget issues are fed back into the budget monitoring process.
Monitoring the expenditure within Social Work and more widely the IJB position as any overspend will transfer back to partner bodies, in the first instance.	Work more closely with the CFO of the IJB to ensure that early indication of financial outturn is known and corrective action is agreed as appropriate to reduce the risk to the Council. Review of Scheme of Integration, particularly risk sharing arrangements to reduce any risk to the Council.
Identifying further savings and delivering services more efficiently with less resources.	Continually refine/develop systems to accurately calculate forecast outturns and the future budget outlook.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention to these areas.
Ongoing requirement to fund unavoidable increases in areas like employee costs, utility costs etc.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

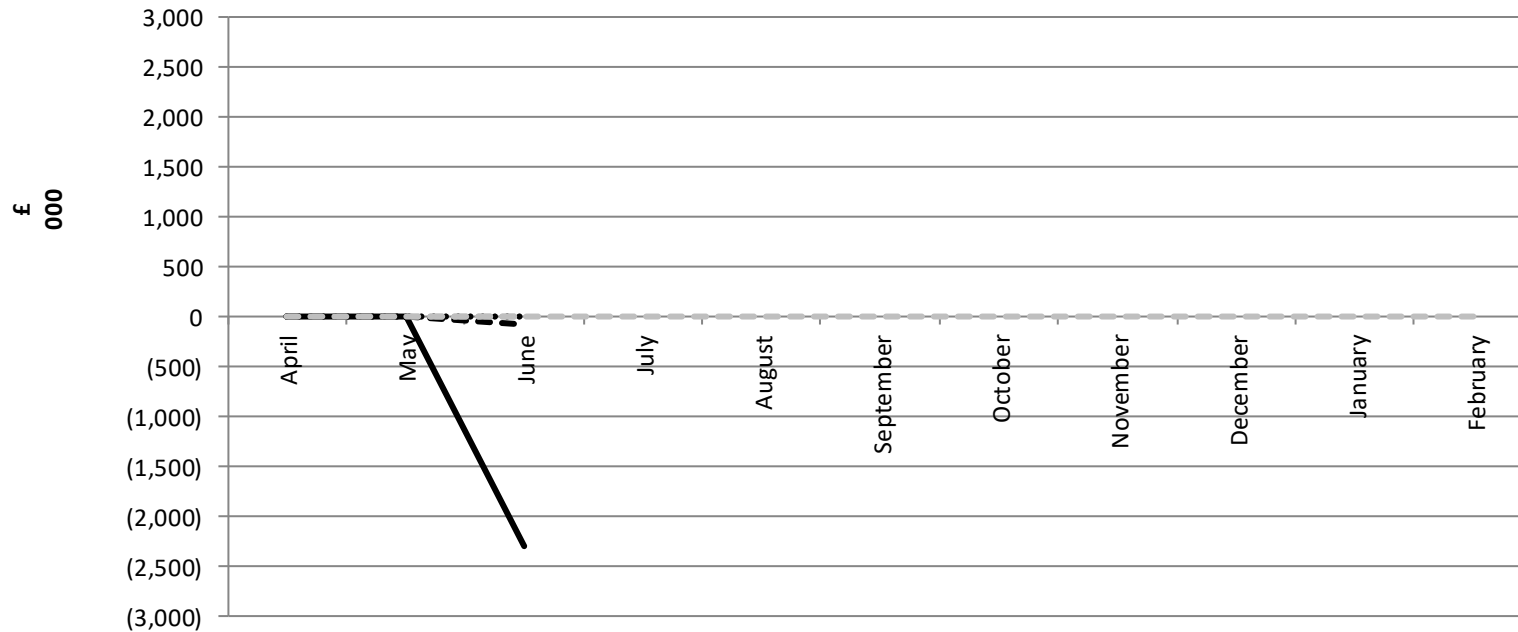
### Forecast Outturn Position

There is a forecast overspend for 2019-20 of £2.384m as at the end of June 2019 and the main variances are noted below.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,563	2,563	0	0	0	
Customer Services	46,015	46,092	(77)	0	(77)	Anticipated overspend in relation to the support costs of Oracle e-Business Suite.
Development and Infrastructure Services	31,508	31,508	0	0	0	
Education	79,643	79,643	0	0	0	
Social Work	58,721	61,028	(2,307)	0	(2,307)	Projected overspend due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services.
Central Budgets	24,878	24,878	0	0	0	
<b>Total</b>	<b>243,328</b>	<b>245,712</b>	<b>(2,384)</b>	<b>0</b>	<b>(2,384)</b>	

### Movement in the forecast outturn position for each Department from the start of the financial year

*Underspend*



*Overspend*

- ..... Chief Executive's Unit
- Customer Services
- ..... Education
- Social Work
- Central Budgets
- 

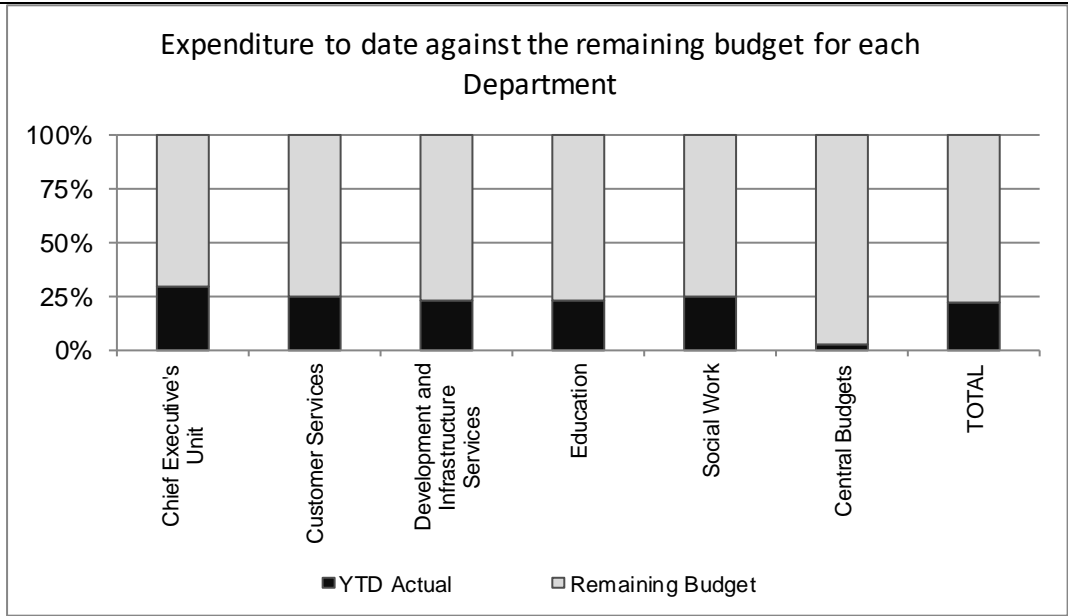
**Further information on the departmental forecast variances is included later on in the report.**

### Year to Date Position

The year to date position as at the end of June 2019 is an estimated underspend of £0.414m and the main variances are noted below.

The current year to date variance position for each Department:

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	754	612	(142)	Small variances, mainly due to timing of cash flows between expenditure and income.
Customer Services	11,500	11,678	178	The main variance is within Hub Schools and NPDO which are showing a year to date overspend of £0.352m due to the timing of government grant instalments and the payment of invoices. This overspend is offset by smaller underspends elsewhere within the services such as additional benefits administration grant income, catering purchases lagging behind the recovery of income, and 3 year licensing income not reprofiled until July. The above are all timing related and are not anticipated to affect the final outturn position.
Development and Infrastructure Services	7,322	5,880	(1,442)	This variance is largely due to a delay in recharging capital for Roads Reconstruction work. The department is currently forecasting spend to be in line with budget.
Education	18,721	20,543	1,822	The year to date underspend is mainly budget profiled related which will be refined during the July monitoring period.
Social Work	14,443	14,141	(302)	The YTD variance is largely due to slippage on the delivery of agreed savings and an overspend on third party payments arising due to service demand.
Central Budgets	692	992	300	Variance largely due to profiling of the government grant for the refugees resettlement scheme and redundancy related expenditure.
<b>Total Net Expenditure</b>	<b>53,432</b>	<b>53,846</b>	<b>414</b>	



**Further information on the departmental year to date variances is included later on in the report.**

## OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b><u>Departmental Budgets</u></b>								
Chief Executive's Unit	754	612	(142)	(23.2%)	2,563	2,563	0	0.0%
Customer Services	11,500	11,678	178	1.5%	46,015	46,092	(77)	(0.2%)
Development and Infrastructure Services	7,322	5,880	(1,442)	(24.5%)	31,508	31,508	0	0.0%
Education	18,721	20,543	1,822	8.9%	79,643	79,643	0	0.0%
Social Work	14,443	14,141	(302)	(2.1%)	58,721	61,028	(2,307)	(3.9%)
<b>Total Departmental Budgets</b>	<b>52,740</b>	<b>52,854</b>	<b>114</b>	<b>0.2%</b>	<b>218,450</b>	<b>220,834</b>	<b>(2,384)</b>	<b>(1.1%)</b>
<b><u>Central Budgets</u></b>								
Other Operating Income and Expenditure	(215)	327	542	165.8%	2,050	2,050	0	0.0%
Joint Boards	344	359	15	4.2%	1,436	1,436	0	0.0%
Non-Controllable Costs	563	306	(257)	(84.0%)	21,392	21,392	0	0.0%
<b>Total Central Budgets</b>	<b>692</b>	<b>992</b>	<b>300</b>	<b>30.2%</b>	<b>24,878</b>	<b>24,878</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>53,432</b>	<b>53,846</b>	<b>414</b>	<b>0.8%</b>	<b>243,328</b>	<b>245,712</b>	<b>(2,384)</b>	<b>(1.0%)</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(47,668)	(47,668)	0	0.0%	(192,863)	(192,863)	0	0.0%
Local Tax Requirement	(16,085)	(16,085)	0	0.0%	(50,457)	(50,457)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	312	312	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(320)	(320)	0	0.0%
<b>Total Funding</b>	<b>(63,753)</b>	<b>(63,753)</b>	<b>0</b>	<b>0.0%</b>	<b>(243,328)</b>	<b>(243,328)</b>	<b>0</b>	<b>0.0%</b>
<b>Deficit/(Surplus) for Period</b>	<b>(10,321)</b>	<b>(9,907)</b>	<b>414</b>		<b>0</b>	<b>2,384</b>	<b>(2,384)</b>	

## SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b>Subjective Category</b>								
Employee Expenses	32,054	32,966	911	2.8%	146,768	146,608	160	0.1%
Premises Related Expenditure	1,686	2,746	1,061	38.6%	15,245	15,297	(52)	(0.3%)
Supplies and Services	4,703	4,240	(463)	(10.9%)	18,944	20,021	(1,077)	(5.7%)
Transport Related Expenditure	2,936	2,564	(372)	(14.5%)	16,630	16,579	51	0.3%
Third Party Payments	28,897	30,539	1,642	5.4%	144,921	146,528	(1,607)	(1.1%)
Capital Financing	(74)	260	334	128.5%	15,499	15,499	0	0.0%
<b>TOTAL EXPENDITURE</b>	<b>70,202</b>	<b>73,315</b>	<b>3,113</b>	<b>4.3%</b>	<b>358,007</b>	<b>360,532</b>	<b>(2,525)</b>	<b>(0.7%)</b>
Income	(80,524)	(83,223)	(2,699)	3.2%	(358,007)	(358,148)	141	(0.0%)
<b>Deficit/(Surplus) for Period</b>	<b>(10,322)</b>	<b>(9,908)</b>	<b>414</b>		<b>0</b>	<b>2,384</b>	<b>(2,384)</b>	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

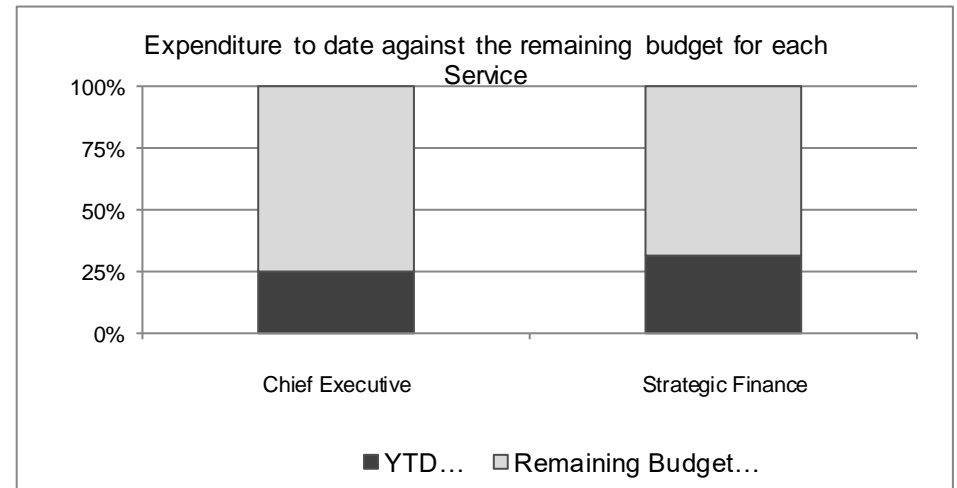
## CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.143m (23.4%) which mainly relates to a timing difference of cash flows within the Money Skills Argyll project as no budget is profiled against this Big Lottery Funded project.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Chief Executive	863	863	0	0	0
Strategic Finance	1,700	1,700	0	0	0
<b>Totals</b>	<b>2,563</b>	<b>2,563</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2019-20. All Service Choices savings options have been delivered. The department outturn position at the end of 2018-19 was an underspend of £0.125m due to effective management and monitoring of the budget.

#### Key Financial Challenges:

To continue to deliver high quality support service function during a time of continued budget cuts, particularly as the majority of the costs within Chief Executive's Unit are employee costs.

#### Proposed Actions to address Financial Challenges:

To ensure that the team are operating as efficiently and effectively as possible to enable continued support to departments with reduced resources.



## CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	60	64	4	6.3%	307	307	0	0.0%	Outwith reporting criteria
BO104 - Our communities are protected and supported	Community Planning	143	115	(28)	(24.4%)	406	406	0	0.0%	Outwith reporting criteria
BO116 - We engage and work with our customers, staff and partners	Community Development and Grants to Third Sector	17	31	14	45.2%	150	150	0	0.0%	Outwith reporting criteria
<b>Chief Executive Total</b>		<b>220</b>	<b>210</b>	<b>(10)</b>	<b>(4.8%)</b>	<b>863</b>	<b>863</b>	<b>0</b>	<b>0.0%</b>	
BO101 - We ensure information and support is available for everyone	Money Skills Argyll	150	0	(150)	#DIV/0!	0	0	0	0.0%	Due to timing difference between expenditure and income
BO115 - We are efficient and cost effective	Departmental Support, Corporate Accounting, Treasury & Internal Audit	384	401	17	4.2%	1,700	1,700	0	0.0%	Outwith reporting criteria
<b>Strategic Finance Total</b>		<b>534</b>	<b>401</b>	<b>(133)</b>	<b>#DIV/0!</b>	<b>1,700</b>	<b>1,700</b>	<b>0</b>	<b>0</b>	
<b>GRAND TOTAL</b>		<b>754</b>	<b>611</b>	<b>(143)</b>	<b>(23.4%)</b>	<b>2,563</b>	<b>2,563</b>	<b>0</b>	<b>0.0%</b>	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

## CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	492	519	28	5.4%	2,399	2,399	0	0.0%	Outwith reporting criteria
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	36	22	(15)	(68.2%)	75	75	0	0.0%	Outwith reporting criteria
Transport	2	5	4	80.0%	28	28	0	0.0%	Outwith reporting criteria
Third Party	173	75	(97)	(129.3%)	203	203	0	0.0%	Due to the Money Skills Argyll expenditure which is offset by income variance below, in addition to a timing difference between expenditure and income.
Income	52	(10)	(62)	620.0%	(142)	(142)	0	0.0%	Due to the Money Skills Argyll income which is offset by expenditure variance above, in addition to a timing difference between expenditure and income
<b>Totals</b>	<b>755</b>	<b>611</b>	<b>(142)</b>	<b>(23.2%)</b>	<b>2,563</b>	<b>2,563</b>	<b>0</b>	<b>0.0%</b>	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

**CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 30 JUNE 2019**

<b>Service Area</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

A red variance is a forecast variance which is greater than +/- £50,000.

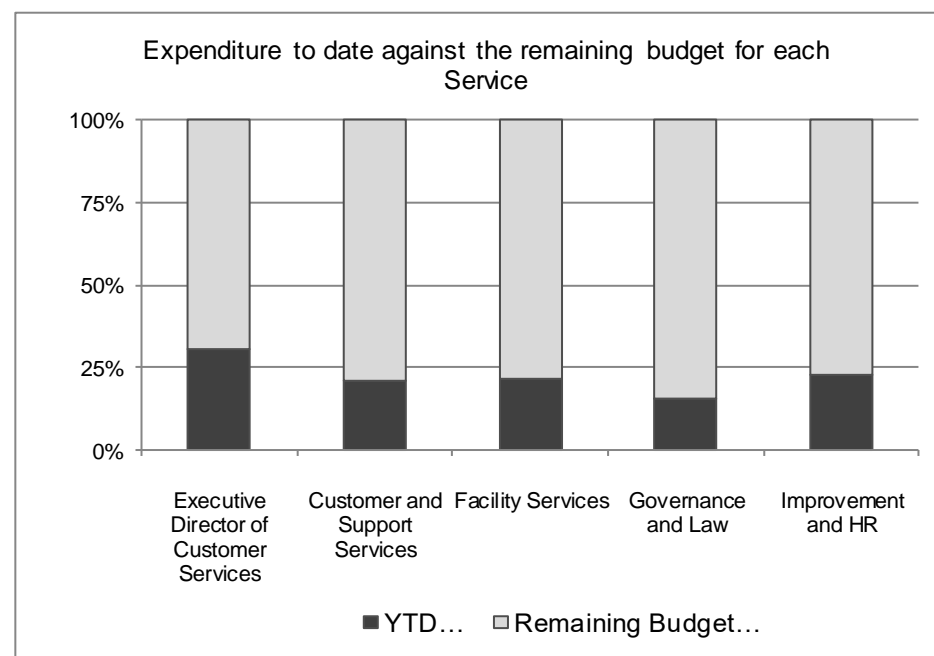
## CUSTOMER SERVICES – AS AT 30 JUNE 2019

- The department is currently forecasting an overspend of £0.077m (0.2%). The Forecast overspend is due to a £0.077m anticipated cost pressure in relation to the support costs of Oracle e-Business Suite.
- The department has a year to date underspend of £0.180m (1.5%). The main variance is in relation to an overspend within Hub Schools and NPDO of £0.352m which is offset by various smaller year to date underspends within Customer and Support Services (£0.225m), Facility Services (£0.196m) and Governance and Law (£0.108m). These are budget profile related and are not anticipated to affect the final outturn position.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Executive Director of Customer Services	19,140	19,140	0	0	0
Customer and Support Services	8,946	9,024	(77)	0	(77)
Facility Services	12,915	12,915	0	0	0
Governance and Law	2,074	2,074	0	0	0
Improvement and HR	2,940	2,940	0	0	0
<b>Totals</b>	<b>46,015</b>	<b>46,093</b>	<b>(77)</b>	<b>0</b>	<b>(77)</b>

### Year to Date Position



### Key Financial Successes:

The 2018-19 year-end outturn position was an underspend of £0.840m. This was mainly due to deductions and delays in the Hub Schools contract and as a result lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO. Additional rental income was collected by the One Council Property Team as well as savings on the Surplus Property Account.

A number of the service choices savings have also been secured to date.

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Impact of Welfare reforms.	Input ongoing to multi agency working group to ensure robust arrangements are put in place.
Delivering the proposed Facility Services budget reductions identified in the Transformation programme.	Provide the Transformation Board with robust information upon which decisions can be made and develop any savings proposals as necessary.
Impact of numbers/uptake in demand led service areas like transport, benefits and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council. Success dependant on buy-in from Argyll & Bute Health and Social Care Partnership.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB, requirement to register all property in land register by 2019 and unknown impact of new education arrangements on all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.

## CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs, NPDO, Special Projects & Estates	5,809	5,457	(352)	(6.5%)	19,140	19,140	0	0.0%	Hub Schools payments: YTD Underpend of £220k due to monthly service payment one off saving from delays £19k. Deductions offered to date £19k and withheld disputed sums £91k. Delays in invoicing est £90k. Hub Schools government grants received: YTD variance of £917k due to profiling, grants received in two installments (October and March). NPDO Schools: YTD Underspend of £347k. Received insurance saving (£291k) of which £100k already utilised to reduce budget. Utilities invoicing for water has not been received YTD (est £45k). Gas and Electricity 2 months behind (est £80k). Deductions offered to date £6k and withheld disputed sums £4k.
<b>Executive Director of Customer Services Total</b>		<b>5,809</b>	<b>5,457</b>	<b>(352)</b>	<b>(6.5%)</b>	<b>19,140</b>	<b>19,140</b>	<b>0</b>	<b>0.0%</b>	
Central/Management Costs	Central/Management Costs	39	41	2	4.9%	214	214	0	0.0%	Outwith Reporting Criteria
BO101 - We ensure information and support is available for everyone	Benefits, SWF & Welfare Reform	273	292	19	6.5%	1,440	1,440	0	0.0%	Outwith Reporting Criteria
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Customer Service Centres & Registrars	678	771	93	12.1%	1,508	1,508	0	0.0%	Benefits admin - £63k additional grant income received. Also £14k vacancy savings within benefits admin. £12k profiling in SWF between CCG and CG.
BO110 - We support businesses, employment and development opportunities	NDR Disc Relief, Creditors & Procurement	225	259	34	13.1%	1,368	1,368	0	0.0%	£10k vacancy savings across service area, remainder small profiling variances across the service.
BO113 - Our infrastructure is safe and fit for the future	ICT Applications & Infrastructure	545	604	60	9.9%	3,867	3,945	(77)	(2.0%)	£77k forecast variance put through for the support costs of Oracle e-Business Suite. The cost pressure for 19/20 is £60,319 but we have already paid the support and maintenance for this year of £16,756 and are unsure whether we will get this refunded or not hence the cost pressure being £77k
BO115 - We are efficient and cost effective	Local Tax, Debtors, Debt Recovery, Customer Service Centres & Registrars	142	159	17	10.7%	549	549	0	0.0%	Council Tax - £16k underspent. £10k relates to vacancy savings. £6k underspend in supplies and services due to profiling of 25330 - main/dev computer software.
<b>Customer and Support Services Total</b>		<b>1,902</b>	<b>2,126</b>	<b>225</b>	<b>10.6%</b>	<b>8,946</b>	<b>9,024</b>	<b>(77)</b>	<b>(0.9%)</b>	

BO104 - Our communities are protected and supported	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	1,836	1,886	50	2.7%	2,674	2,674	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	School Meals	(151)	(57)	94	(164.9%)	535	535	0	0.0%	YTD underspend of £94k is mainly due to catering purchases lagging behind the recovery of income. The profiling of catering purchases will be reviewed and the profiling adjusted.
BO113 - Our infrastructure is safe and fit for the future		1,053	1,090	37	3.4%	9,409	9,409	0	0.0%	Outwith Reporting Criteria
BO114 - Our communities are cleaner and greener		4	7	4	57.1%	30	30	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	51	62	11	17.7%	267	267	0	0.0%	Outwith Reporting Criteria
<b>Facility Services Total</b>		<b>2,793</b>	<b>2,988</b>	<b>196</b>	<b>6.6%</b>	<b>12,915</b>	<b>12,915</b>	<b>0</b>	<b>0.0%</b>	
BO104 - Our communities are protected and supported	Civil Contingencies & Anti Social Behaviour	31	27	(4)	(14.8%)	133	133	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Childrens Panel	(1)	8	9	112.5%	34	34	0	0.0%	Profiling
BO110 - We support businesses, employment and development opportunities	Licensing	(95)	(33)	62	(187.9%)	(104)	(104)	0	0.0%	Licensing income is received for a three year period and the entry to remove the income received for years's 2 and 3 was not processed until July. Income also requires to be reprofiled.
BO115 - We are efficient and cost effective	Democratic Serives, Governance & Legal Services	312	343	31	9.0%	1,607	1,607	0	0.0%	Outwith Reporting Criteria
BO116 - We engage and work with our customers, staff and partners		37	43	6	14.0%	196	196	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	41	45	4	8.9%	208	208	0	0.0%	Outwith Reporting Criteria
<b>Governance and Law Total</b>		<b>325</b>	<b>433</b>	<b>108</b>	<b>24.9%</b>	<b>2,074</b>	<b>2,074</b>	<b>0</b>	<b>0.0%</b>	

BO101 - We ensure information and support is available for everyone	Gaelic Language Plan	58	65	7	0.0%	276	276	0	0.0%	Outwith Reporting Criteria
BO112 - Argyll and Bute is promoted to everyone	HR Services	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
BO115 - We are efficient and cost effective	Health & Safety	208	209	1	0.5%	906	906	0	0.0%	Outwith Reporting Criteria
BO116 - We engage and work with our customers, staff and partners	Communications	126	136	10	7.4%	643	643	0	0.0%	Outwith Reporting Criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	Service Improvements	218	207	(11)	(5.3%)	844	844	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	62	58	(4)	(6.9%)	271	271	0	0.0%	Outwith Reporting Criteria
<b>Improvement and HR Total</b>		<b>672</b>	<b>675</b>	<b>3</b>	<b>0.4%</b>	<b>2,940</b>	<b>2,940</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>11,501</b>	<b>11,679</b>	<b>180</b>	<b>1.5%</b>	<b>46,015</b>	<b>46,093</b>	<b>(77)</b>	<b>(0.2%)</b>	

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Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.



## CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	4,353	4,473	120	2.7%	20,785	20,785	0	0.0%	Underspend in employee costs due to YTD vacancy savings of which £98k relates to Head of Customer and Support Services,
Premises	441	427	(15)	(3.5%)	2,335	2,335	0	0.0%	Outwith Reporting Criteria
Supplies and Services	529	695	166	23.9%	4,913	4,991	(77)	(1.6%)	Underspend in supplies and services mainly due to catering purchases profiling YTD underspend of £89K. Other underspends across the services due to profiling.
Transport	156	188	31	16.5%	5,930	5,930	0	0.0%	YTD underspend in Pupil Transport £8k, Property Services £6k, Governance and Law £9k and Customer and Support Services £6k.
Third Party	12,738	13,353	614	4.6%	57,282	57,282	0	0.0%	Hub Schools payments: YTD Underpend of £220k due to monthly service payment one off saving from delays £19k. Deductions offered to date £19k and withheld disputed sums £91k. Delays in invoicing est £90k. Hub Schools government grants received: YTD variance of £917k due to profiling, grants received in two installments (October and March). YTD Underspend of in the NPDO schools of £347k. Received insurance saving (£291k) of which £100k already utilised to reduce budget. Utilities invoicing for water has not been received YTD (est £45k). Gas and Electricity 2 months behind (est £80k). Deductions offered to date £6k and withheld disputed sums £4k.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
Income	(6,717)	(7,456)	(739)	9.9%	(45,231)	(45,231)	0	0.0%	Hub Schools government grants : YTD variance of £917k due to profiling, grants received in two installments (October and March). Offset by licensing income received in advance for three years and future years income not adjusted for (£56K). £63k additional income received for benefits administration. Balance due to fluctuating catering income.
<b>Totals</b>	<b>11,500</b>	<b>11,680</b>	<b>177</b>	<b>1.5%</b>	<b>46,014</b>	<b>46,092</b>	<b>(77)</b>	<b>(0.2%)</b>	

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The Variance is the difference between budget and actual or forecast outturn.

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An explanation is given for any variance which exceeds £50,000 or 10%.

## CUSTOMER SERVICES – RED VARIANCES AS AT 30 JUNE 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
ICT Applications & Infrastructure	3,867	3,945	(78)	(2.0%)	£77k forecast variance put through for the support costs of Oracle e-Business Suite. The cost pressure for 19/20 is £60,319 but we have already paid the support and maintenance for this year of £16,756 and are unsure whether we will get this refunded or not hence the cost pressure being £77k

A red variance is a forecast variance which is greater than +/- £50,000.

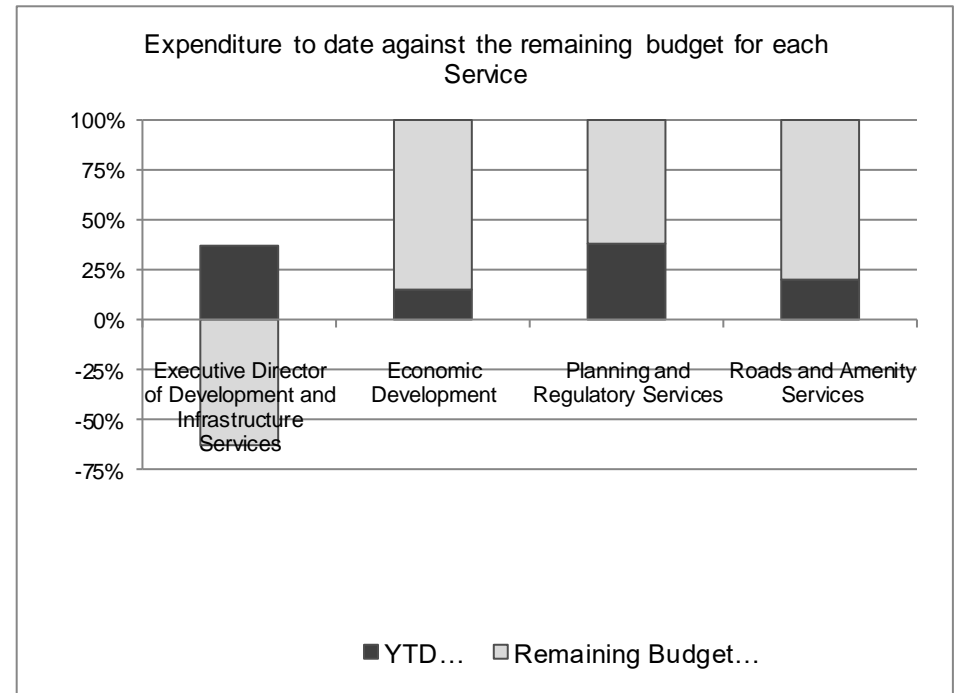
## DEVELOPMENT AND INFRASTRUCTURE – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget in 2019-20.
- The department has a year to date overspend of £1.442m (24.5%) against budget but this is due largely to a delay in recharging capital for Roads Reconstruction work.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Development and Infrastructure Services	(46)	(46)	0	0	0
Economic Development	3,917	3,917	0	0	0
Planning and Regulatory Services	6,139	6,139	0	0	0
Roads and Amenity Services	21,498	21,498	0	0	0
<b>Totals</b>	<b>31,508</b>	<b>31,508</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

At the end of financial year 2018-19, there were overspends in a variety of service areas such as Winter Maintenance, Ferries and the PSO contract for Air Services plus a reduction in income from Public Conveniences but as a result of a planned over-recovery of vacancy savings and delays in the replacing of fleet this enabled the department to manage the situation leading to an overall departmental underspend of £0.305m.

CHORD project manager salaries being funded by capital, underspends in Piers & Harbours maintenance and additional Building Warrant Income and Road Permit Income also contributed to the overall underspend position.

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trend / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Potential shortfall in income within Car Parking.	Closely monitoring of income levels, regular performance management reviews and reporting of the financial implications through budget monitoring process.
Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.	Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> <li>• Island haulage costs</li> <li>• Uncertainty with recycling income/ gate fee costs due to the volatility of the market</li> <li>• Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste</li> </ul>	To closely monitor all service components of Waste Management and review Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	<p>Close monitoring of Winter Maintenance and reporting of the financial implications through budget monitoring process.</p> <p>The Council agreed the winter policy, setting out the intervention level and locations to be treated. The numbers of treatments are determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and metrological service which is collaboratively procured by West of Scotland local authorities.</p>

## DEVELOPMENT AND INFRASTRUCTURE – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	68	76	7	9.2%	(46)	(46)	0	0.0%	Outwith reporting criteria
<b>Executive Director of Development and Infrastructure Total</b>		<b>68</b>	<b>76</b>	<b>7</b>	<b>9.2%</b>	<b>(46)</b>	<b>(46)</b>	<b>0</b>	<b>0.0%</b>	
BO110 - We support businesses, employment and development opportunities	Business Gateway	283	258	(25)	(9.7%)	1,144	1,144	0	0.0%	Outwith reporting criteria
BO111 - We influence and engage with businesses and policy makers	European Team & Economic Development Intelligence	50	66	17	25.8%	305	305	0	0.0%	Third party payments behind profile
BO112 - Argyll and Bute is promoted to everyone	Events & Festivals, T&L regeneration, Town centre fund, CWSS, Timber Transport	(142)	100	242	242.0%	444	444	0	0.0%	£310k received for Town Centre Fund pending decision on projects taken forward this is likely to be transferred to capital. £83k to be drawn down from earmarking re Tarbert & Lochgilphead regeneration fund.
BO113 - Our infrastructure is safe and fit for the future	Projects, TIF & Airports	368	390	21	5.4%	1,723	1,723	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	46	67	21	31.3%	301	301	0	0.0%	Vacancy savings plus a lag in payments to 3rd parties.
<b>Economic Development Total</b>		<b>605</b>	<b>881</b>	<b>276</b>	<b>31.3%</b>	<b>3,917</b>	<b>3,917</b>	<b>0</b>	<b>0.0%</b>	

BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Private Water Supplies, Advices Services and Welfare Rights	132	66	(65)	(98.5%)	340	340	0	0.0%	Grant income recieved quarterly
BO103 - We enable a choice of suitable housing options	Homelessness and Housing Support Services	1,450	805	(644)	(80.0%)	2,577	2,577	0	0.0%	HEEPS Grant income not received yet plus Public Sector Housing Grant to be transferred from capital
BO104 - Our communities are protected and supported	Environmental Health	113	226	113	50.0%	1,117	1,117	0	0.0%	Private Landlord registration ahead of profile due to drawdown of annual funding held in control account.
BO105 - Our natural and built environment is protected and respected	Building Standards	0	20	20	100.0%	49	49	0	0.0%	Income ahead of profile. Will be closely monitored to see if this pattern continues.
BO110 - We support businesses, employment and development opportunities	Development Policy	185	171	(15)	(8.8%)	916	916	0	0.0%	Outwith reporting criteria
BO111 - We influence and engage with businesses and policy makers	Trading Standards	56	60	5	8.3%	290	290	0	0.0%	Outwith reporting criteria
BO113 - Our infrastructure is safe and fit for the future	Development Management	320	353	33	9.4%	322	322	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	98	108	10	9.3%	528	528	0	0.0%	Outwith reporting criteria
<b>Planning and Regulatory Total</b>		<b>2,354</b>	<b>1,809</b>	<b>(543)</b>	<b>(30.0%)</b>	<b>6,139</b>	<b>6,139</b>	<b>0</b>	<b>0.0%</b>	
BO113 - Our infrastructure is safe and fit for the future	Road & Lighting, Roads Design, Network & Environment & Marine Services	1,320	63	(1,258)	(1996.8%)	2,852	2,852	0	0.0%	Capital Measures and Repairs to MV Belnahua
BO114 - Our communities are cleaner and greener	Amenity Services & Waste Disposal	3,010	3,085	76	2.5%	15,661	15,661	0	0.0%	Street Lighting electricity costs behind profile due to invoices not yet processed.
BO115 - We are efficient and cost effective	Fleet & Waste Collection	(513)	(501)	12	(2.4%)	667	667	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	479	466	(12)	(2.6%)	2,318	2,318	0	0.0%	Outwith reporting criteria
<b>Roads and Amenity Total</b>		<b>4,296</b>	<b>3,113</b>	<b>(1,182)</b>	<b>(38.0%)</b>	<b>21,498</b>	<b>21,498</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>7,323</b>	<b>5,879</b>	<b>(1,442)</b>	<b>(24.5%)</b>	<b>31,508</b>	<b>31,508</b>	<b>0</b>	<b>0.0%</b>	

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## DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	5,033	5,332	299	5.6%	24,867	24,867	0	0.0%	Vacancy Savings
Premises	352	700	348	49.7%	3,070	3,070	0	0.0%	Street lighting electricity as not been paid this financial year due to delay in invoices being received. Depot costs will only be recharged at the year end and the budget profile will be amended to reflect this.
Supplies and Services	1,908	1,604	(304)	(19.0%)	6,256	6,256	0	0.0%	Purchase of Quarry materials will be offset by additional income once capital measures are processed.
Transport	2,598	2,214	(384)	(17.3%)	9,657	9,657	0	0.0%	Unbudgeted Avoidable repair costs and repairs outwith maintenance agreement for internal fleet. Increased external hire costs which will be partially covered by additional income once the capital measures are processed. MV Belnahua ferry repairs costs.
Third Party	5,706	6,052	346	5.7%	28,440	28,440	0	0.0%	Earmarking for Tarbert & Lochgilphead Regeneration to be drawn down; HEEPS grant still to be received
Capital Financing	0	201	201	100.0%	1,061	1,061	0	0.0%	This will be drawn down at year end.
Income	(8,275)	(10,222)	(1,948)	19.1%	(41,842)	(41,842)	0	0.0%	Town Centre Grant income received ahead of expenditure. This may transfer to capital depending on which projects are taken forward. HEEPS grant not yet received; Income to the Operational Holding account from capital not yet processed.
<b>Totals</b>	<b>7,322</b>	<b>5,881</b>	<b>(1,442)</b>	<b>(24.5%)</b>	<b>31,509</b>	<b>31,509</b>	<b>0</b>	<b>0.0%</b>	

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**DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 30 JUNE 2019**

<b>Service Area</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

A red variance is a forecast variance which is greater than +/- £50,000.



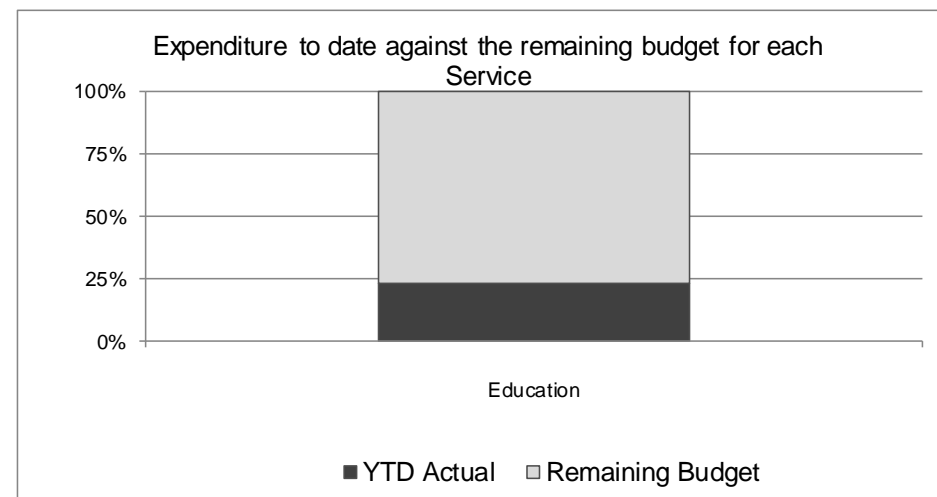
## EDUCATION HIGHLIGHTS – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date underspend of £1.822m (8.9%) against budget. The year to date underspend is mainly profile related and will be refined within the July monitoring period.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Education	79,643	79,643	0	0	0
<b>Totals</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

The 2018-19 year end outturn position for Education was an overspend of £0.233m (0.31% of total annual budget). Whilst the service was overspent, as a result of the increased demand in Additional Support Needs, this overspend was reduced considerably in year via effective management and monitoring of the overall Education budget position.

### Key Financial Challenges:

Ensuring the Education service can continue to contribute to Council saving programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the Education service).

The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this with additional resources based on individual implementation plans.

### Proposed Actions to address Financial Challenges:

Ongoing robust financial monitoring and forecasting with the provision of supporting management information to ensure deliverable saving options are presented.

Spend to be profiled in accordance with the timing of Government funding allocations and phasing in element of the delivery plans

<p>As funding profiles and implementation plans have evolved over recent years, close monitoring of actual expenditure against Government funding is required to ensure sufficient resources each year.</p>	<p>adapted accordingly. Continuous monitoring and review of the implementation plan and resources.</p>
<p>Continued increase in demand on the Service for ASN Support.</p>	<p>Continuous review of ASN allocations with a fully costed and detailed schedule of hours. A collegiate team working approach will enable a robust information system to be maintained which fully reflects the available budget.</p>

## EDUCATION – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	70	85	15	17.7%	85	85	0	0.0%	Year to date underspend as a result of employee budget profiling - this will be refined in the July budget monitoring period.
Schools Residential Accommodation	208	245	37	15.1%	980	980	0	0.0%	Year to date underspend as a result of profiling within schools residential accommodation where there is a standard 12 month budget profile. The nature of schools residential accommodation does not allow for predictable monthly expenditure and accurate profiling is therefore difficult to establish.
Early Years and Community Learning	1,960	2,841	881	31.0%	7,844	7,844	0	0.0%	Year to date underspend as a result of Early Years' Partner Provider Payments budget profiling - this will be refined in the July budget monitoring period.
Primary & Secondary Education	16,221	17,115	894	5.2%	70,011	70,011	0	0.0%	Year to date underspend mainly as a result of an error in cleaning budget profiling - this will be refined in the July budget monitoring period.
Adult Learning	116	133	17	12.8%	626	626	0	0.0%	Year to date underspend as a result of budget profiling. Actual expenditure not in line with standard profiles entered.
Regional Improvement Collaborative	13	14	1	7.1%	54	54	0	0.0%	Outwith Reporting Criteria
Education Support	133	110	(23)	(20.9%)	43	43	0	0.0%	Year to date overspend as a result of budget profiling - this will be refined in the July budget monitoring period.
	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0.0%</b>	
	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0.0%</b>	

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Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

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## EDUCATION – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	15,972	16,234	262	1.6%	67,898	67,898	0	0.0%	Year to date underspend relates mainly to budget profiling. Budgets and profiles are still to be refined in respect of the SNCT Pay Award; the policy intervention in relation to the maingrade restructuring and revaluation of all other SNCT pay scales from 1 April 2019; and employer contribution increases to Teacher's pensions. These will all be refined in the July budget monitoring period.
Premises	733	1,405	673	47.9%	3,258	3,258	0	0.0%	Year to date underspend mainly as a result of error in cleaning budget profiling - this will be refined in the July budget monitoring period.
Supplies and Services	1,757	1,761	3	0.2%	7,266	7,266	0	0.0%	Outwith Reporting Criteria
Transport	63	52	(11)	(21.2%)	272	272	0	0.0%	Year to date underspend as a result of budget profiling. Actual expenditure not in line with standard profiles entered.
Third Party	790	1,633	843	51.6%	9,733	9,733	0	0.0%	Year to date underspend as a result of Early Years' Partner Provider Payments budget profiling - this will be refined in the July budget monitoring period.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
Income	(594)	(542)	52	(9.6%)	(8,785)	(8,785)	0	0.0%	Outwith Reporting Criteria
<b>Totals</b>	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,642</b>	<b>79,642</b>	<b>0</b>	<b>0.0%</b>	

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## EDUCATION – RED VARIANCES AS AT 30 JUNE 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
			0	0.0%	

A red variance is a forecast variance which is greater than +/- £50,000.

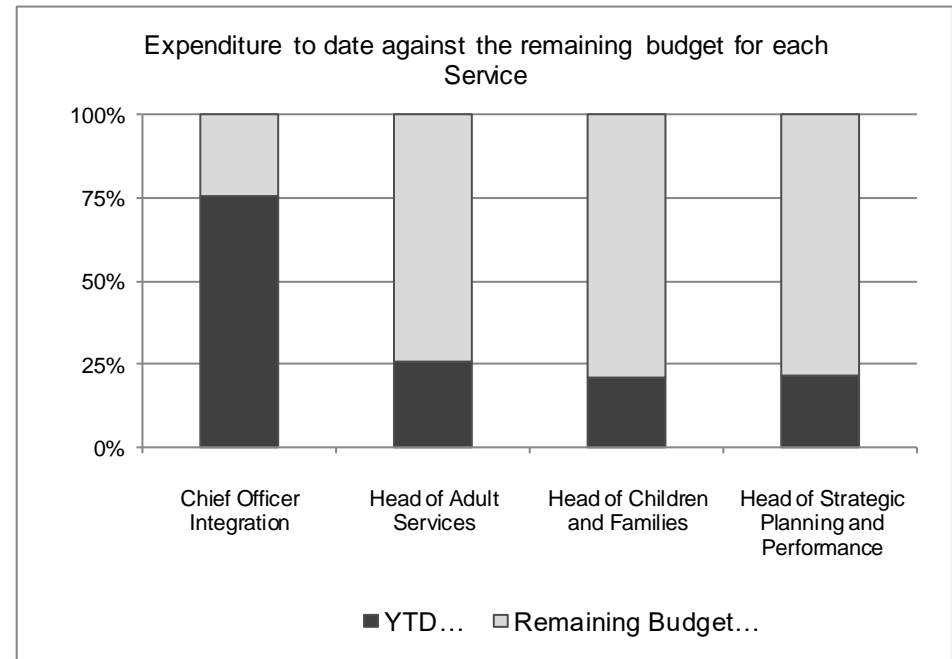
## SOCIAL WORK – AS AT 30 JUNE 2019

- The department is currently forecasting an overspend of £2.306m (3.9%) which is due to a combination of forecast slippage on the delivery of agreed savings and high demand for services.
- The department has a year to date overspend of £0.302m (2.1%) against budget.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	230	(69)	299	0	299
Head of Adult Services	44,061	46,607	(2,546)	0	(2,546)
Head of Children and Families	14,009	14,069	(60)	0	(60)
Head of Strategic Planning and Performance	421	421	0	0	0
<b>Totals</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>0</b>	<b>(2,307)</b>

### Year to Date Position



#### Key Financial Successes:

Identified approximately £0.872m towards a total of £2.345m in unidentified savings during 2018/19. Whilst the service was still overspent, the value of the overspend was reduced.

#### Key Financial Challenges:

Fully deliver the £2.246m of agreed savings which remain outstanding as at June 2019.

Develop and deliver a financial recovery plan to address the £1.2m deficit which would remain after full delivery of all of the agreed efficiency savings mentioned above.

#### Proposed Actions to address Financial Challenges:

Implementation of a robust performance management mechanism to track the delivery of the savings options.

Support from finance to assist the service to identify opportunities to save money through tight spending controls and service redesign.

Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource in the medium to long term.

Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.

## SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Service	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	174	169	(5)	(3.0%)	230	(69)	299	130.0%	The YTD variance is outwith reporting criteria. The forecast underspend arises mainly due to an estimated over recovery in vacancy savings.
Service Development	90	94	4	4.3%	421	421	0	0.0%	Outwith reporting criteria.
Looked After Children	1,600	1,579	(21)	(1.3%)	7,018	7,174	(156)	(2.2%)	The YTD variance is outwith reporting criteria. The forecast overspend arises due to demand and slippage on agreed savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Child Protection	598	749	151	20.2%	3,433	3,361	72	2.1%	The YTD underspend is mainly due to underspends in staffing, travel and supplies and services costs in the Children and Families area teams and lower than expected demand for contact and welfare services. The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	223	213	(10)	(4.7%)	863	803	60	7.0%	The YTD variance is outwith reporting criteria. The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Criminal Justice	38	73	35	48.0%	124	119	5	4.0%	The YTD underspend is mainly due to underspends on staffing, travel and supplies and services as well as higher than expected YTD income receipts. The forecast variance is outwith reporting criteria.



Children and Families Central Management Costs	468	588	120	20.4%	2,571	2,612	(41)	(1.6%)	The YTD underspend is mainly due to staffing underspends in the admin teams, a delayed payment for rental charges at MAHICC, and an underspend on third party payments. The forecast variance is outwith reporting criteria.
Older People	6,729	6,794	65	1.0%	29,915	30,678	(763)	(2.6%)	The YTD underspend is mainly due to underspends in staffing and third party payments mostly offset by the YTD slippage on agreed efficiency savings and lower than expected YTD income from fees and charges in several residential units, telecare and from new charging order debt. The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	654	428	(226)	(52.8%)	1,362	2,240	(878)	(64.5%)	The YTD overspend is mainly due to overspends on third party payments and adaptations arising due to service demand and lower than expected income from fees and charges. The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed efficiency savings.
Learning Disability	3,170	2,770	(400)	(14.4%)	10,000	11,267	(1,267)	(12.7%)	The YTD overspend is mainly due to the YTD slippage on the delivery of agreed efficiency savings and an overspend on third party payments arising due to service demand. The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings.
Mental Health	638	566	(72)	(12.7%)	1,989	1,941	48	2.4%	The YTD overspend arises mainly due to lower than expected income from cost recharges and care fees partially offset by an underspend on staffing. The forecast variance is outwith reporting criteria.

Adult Services Central Management Costs	61	118	57	48.3%	795	481	314	39.5%	The YTD underspend is mainly related to the phasing of additional funding related to switching the sleepover charge rate to being based on the Scottish Living Wage and demand for services for young adults. This funding will be reallocated to the appropriate budgets during July 2019. The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.
<b>GRAND TOTAL</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>(3.9%)</b>	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

**SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019**

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	5,484	6,012	528	8.8%	28,277	28,117	160	0.6%	The YTD underspend reflects a significant number of staffing underspends spread across the service. It is higher than would normally be expected for June due to the first skim for vacancy savings being deferred this year to July. The forecast underspend is mainly due to an estimated over recovery of vacancy savings and the continued use of agency staffing to cover vacant posts and staff absence.
Premises	165	214	49	22.9%	1,018	1,071	(53)	(5.2%)	The YTD underspend is mainly due to a delay in cleaning charges being applied and a lower than expected spend to date on property repairs and rents. The forecast overspend is mainly due to a forecast overspend on electricity costs.
Supplies & Services	344	(98)	(442)	451.0%	(595)	405	(1,000)	168.1%	Both the YTD and forecast variances reflect the YTD and overall estimated slippage on the delivery of agreed savings as at June 2019.
Transport	103	160	57	35.6%	777	726	51	6.6%	Both the YTD and forecast underspends are mainly due to lower than expected costs for car leases and staff mileage.
Third Party	9,057	8,921	(136)	(1.5%)	47,240	48,847	(1,607)	(3.4%)	Both the YTD and forecast overspends reflect the higher than budgeted demand for purchased care services in Children's and Adult Services. The YTD variance is suppressed partially due to the effect of outstanding accruals from 2018/19 which remain outstanding and the timing of payments to suppliers differing slightly to the phasing of the budget which reflects the cash flow profile across 2018/19

Income	(710)	(1,068)	(358)	<b>33.5%</b>	(17,996)	(18,138)	142	<b>(0.8%)</b>	The YTD overspend is mainly due to a combination of lower than expected income from new charging order debt and budget phasing. The forecast underspend is mainly due to higher than budgeted receipts from care home fees in three of the HSCP's older people residential units partially offset by a lower than budgeted income from new charging order debt.
<b>Totals</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>(3.9%)</b>	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

## SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	230	(69)	299	130.0%	The forecast underpend arises due to an estimated over recovery of vacancy savings offset by slippage on agreed savings.
Looked After Children	7,019	7,174	(155)	(2.2%)	The forecast overspend arises due to demand and slippage on agreed savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Child Protection	3,433	3,361	72	2.1%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	863	803	60	7.0%	The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Older People	29,915	30,678	(763)	(2.6%)	The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	1,362	2,240	(878)	(64.5%)	The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed savings.
Learning Disability	10,000	11,267	(1,267)	(12.7%)	The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings.
Adult Services Central Management Costs	795	481	314	39.5%	The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.

A red variance is a forecast variance which is greater than +/- £50,000.

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – JUNE 2019**

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20 onwards.
- 1.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.
- 1.3 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed.

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**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – JUNE 2019**


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**2. INTRODUCTION**

- 2.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20 onwards.
- 2.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.

**3. DETAIL**

- 3.1 New policy savings options were identified for the three year period 2019-20 to 2021-22 and these were agreed by Council in February 2019. Council agreed to policy savings of £1.598m in 2019-20 rising to £2.145m by 2021-22.
- 3.2 The policy saving options not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards total £1.116m in 2018-19 rising to £3.553m in 2020-21.
- 3.3 The savings for 2019-20 and 2018-19 have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.
- 3.4 Savings have been categorised as follows:

<b>Category</b>	<b>Explanation</b>
Delivered	Savings already delivered in full.
On track to be Delivered	Saving is in line with profile however the full saving cannot be guaranteed until later in the year.
Still to be implemented	Planned date of implementation is in the future. Should the implementation date move backwards then this would be classified as delayed.

Being Developed	Further redesign required before option can be implemented.
Potential Shortfall	There is a risk that the original saving will not be achieved in full. Departments are asked to provide further information for any savings within this category.
Delayed	The full saving will not be achieved in line with the original estimated timescale. Departments are asked to provide further information for any savings within this category.

- 3.5 The table below outlines the progress as at 30 June 2019 for the new policy savings options agreed in February 2019. Further detail is included within Appendix 1.

Category	No of Options	2019-20 £000	2020-21 £000	2021-22 £000
Delivered	9	441.3	470.0	545.0
On Track to be Delivered	8	1,052.0	1,460.0	1,460.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	1	105.0	140.0	140.0
Delayed	0	0.0	0.0	0.0
<b>Total</b>	<b>18</b>	<b>1,598.3</b>	<b>2,070.0</b>	<b>2,145.0</b>

- 3.6 The table below outlines the progress as at 30 June 2019 for the policy savings options agreed in February 2018 but not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards. Further detail is included within Appendix 2.

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	4	234.0	582.0	971.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	2	20.0	44.0	54.0
Delayed	1	-130.0	13.0	286.0
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>



3.7 There are three savings categorised as having a potential shortfall and one that is currently delayed as summarised below. Further information is contained within Appendices 3a to 3d.

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.
- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including ‘non-turnstile’ gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b – Review charges for stadiums to enable improvement work - Possible shortfall in achieving 2019-20 target due to charging issues.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council’s Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

#### **4. CONCLUSION**

4.1 This report outlines the progress of the Service Package Policy Options as at 30 June 2019.

4.2 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed.

#### **5. IMPLICATIONS**

- |     |                      |  |
|-----|----------------------|--|
| 5.1 | Policy               | Individual options have policy implications – all have been approved by Members. |
| 5.2 | Financial            | Summarises the delivery of the service package policy options.                   |
| 5.3 | Legal                | None.  |
| 5.4 | HR                   | Individual options have HR implications – all have been approved by Members.     |
| 5.5 | Fairer Scotland Duty | EQIAs have already been carried out on the options prior to Member approval.     |

- |     |                   |  |
|-----|-------------------|--|
| 5.6 | Risk              | The monitoring process outlined within this report will minimise the risk that the service package policy options are not delivered. |
| 5.7 | Customer Services | None.  |

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

**Policy Lead for Strategic Finance and Capital Regeneration Projects – Councillor Gary Mulvaney**

**APPENDICES:**

- Appendix 1 – Monitoring of Service Package Policy Options Agreed February 2019
- Appendix 2 - Monitoring of Service Package Policy Options Agreed February 2018
- Appendix 3a – Potential Shortfall – RAS15 Environmental Service Warden
- Appendix 3b – Potential Shortfall – TB09 Public Conveniences
- Appendix 3c – Potential Shortfall – TB12b Charges for Stadiums
- Appendix 3d – Delay – TB14 Waste Services

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2019  
SUMMARY**

Appendix 1

POSITION AS AT 30 JUNE 2019

Category	No. of Options	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE	Future Years £000	Future Years FTE
Delivered	9	441.3	6.7	470.0	6.7	545.0	8.5
On Track to be Delivered	8	1,052.0	22.7	1,460.0	32.5	1,460.0	32.5
Still to be Implemented	0	0.0	0.0	0.0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	1	105.0	5.0	140.0	5.0	140.0	5.0
Delayed	0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>18</b>	<b>1,598.3</b>	<b>34.4</b>	<b>2,070.0</b>	<b>44.2</b>	<b>2,145.0</b>	<b>46.0</b>

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2019  
DETAIL**

**POSITION AS AT 30 JUNE 2019**

Ref	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years	Future Years	Status of Implementation	Additional Comment (if required)
				£000	FTE	£000	FTE	£000	FTE		
PHRS04/07/10	Planning, Housing and Regulatory Services	Biodiversity & Local Development Plan Team & GIS	Reduction of 1 post			63	1.0	63	1.0	On Track to be Delivered	
PHRS12/13	Planning, Housing and Regulatory Services	Homelessness & Housing Strategy	Transfer £100k for staff costs to SHF	100	0.0	100	0.0	100	0.0	Delivered	
PHRS14	Planning, Housing and Regulatory Services	Marine and Coastal Development	Staffing redesign	46	1.0	46	1.0	46	1.0	Delivered	
PHRS16	Planning, Housing and Regulatory Services	Trading Standards	Reduction of 0.5 post	11.25	0.5	15	0.5	15	0.5	Delivered	
EDST02	Economic Development and Strategic Transportation	Business Gateway	23K reduction in grant funding 19/20 Reduction of 1.8 posts in 21/22	23	0.0	23	0.0	98	1.8	Delivered	The £23k saving came out of the 'reconstructing the budget' exercise. This comprised of £18k from the Business Gateway budget, cost centre: P511000000, account code: 47015 and £5k from my budget, cost centre: P561000000, account code: 44000
EDST03	Economic Development and Strategic Transportation	Economic Growth (EDST MAN)	Reduction of 1 post	49	1.0	49	1.0	49	1.0	Delivered	wrongly coded to Op & growth moved July to EDST management (Julie Millar post)
EDST05	Economic Development and Strategic Transportation	Road Safety Unit	Removal of Service	74	1.7	99	1.7	99	1.7	Delivered	Staff have left the council.
RAS09	Roads and Amenity Services	Roads Management	5% Reduction in staffing costs	39	1.0	39	1.0	39	1.0	Delivered	
RAS12	Roads and Amenity Services	Street Lighting	11% reduction to controllable budget	50	0.0	50	0.0	50	0.0	Delivered	
RAS15	Roads and Amenity Services	Environmental Warden Service	Reduction of 5 FTE. The service would focus on the income generation elements, including commercial waste agreements. This would be at the expense of the enforcement of dog fouling, littering, flytipping etc.	105	5.0	140	5.0	140	5.0	Potential Shortfall	See Appendix
	Cross Cutting	Management/Structure Review	Cross cutting bottom up review of current service delivery arrangements to deliver efficiency and management cost reduction.	375	6.0	500	6.0	500	6.0	On Track to be Delivered	
CSS03/05	Customer and Support Services	Admin of CT/HB, collection of CT and domestic Water and Sewerage charges and CT/NDR debt recovery Scottish Welfare Fund (SWF), the Welfare Reform Working Group (WRWG) and the Anti-Poverty Strategy,	Centralise Housing Benefit processing and re-structure teams	125	3.6	200	5.6	200	5.6	On track to be delivered	
CSS04	Customer and Support Services	NDR, Sundry Debt, BIDs and MACC billing and collection, and Cash Collection	Increase in income and re-structure team	11	1.0	21	1.0	21	1.0	On track to be delivered	
CSS08/09	All Services	Procurement Savings	Increased focus by Procurement and Commissioning Team on contract and demand management by services. This will require a redesign of the PCT team but will not alter the overall number of FTE. Cashable savings coming from this new approach will be identified and removed from service budgets.	250	0.0	250	0.0	250	0.0	On track to be delivered	
CSS10	Customer and Support Services	Creditor Payments / Payment of Members and staff Expenses	Phased removal of posts due to increased use in electronic systems	16	1.0	35	1.8	35	1.8	On track to be delivered	
ED02	Education	Central/ Management Costs	Removal of vacant posts	49	1.5	49	1.5	49	1.5	Delivered	
ED05	Education	Youth and Adult Learning	Review of Youth and Adult Learning Provision	248	10.1	330	17.1	330	17.1	On Track to be Delivered	
ED06	Education	Music Instruction	Review of Instrumental Music Provision	27	1.0	61	TBC	61	TBC	On Track to be Delivered	
<b>TOTAL</b>				<b>1,598</b>	<b>34.4</b>	<b>2,070</b>	<b>44.2</b>	<b>2,145</b>	<b>46.0</b>		

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018**  
**SUMMARY**

Appendix 2

POSITION AS AT 30 JUNE 2019

Category	No. of Options	2018-19 £000	2018-19 FTE	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE
Delivered	15	1,002.0	8.6	1,592.8	13.6	2,191.8	19.6
On Track to be Delivered	4	234.0	-1.0	582.0	-3.0	971.0	-3.0
Still to be Implemented	0	0.0	0.0	0.0	0.0	0.0	0.0
Being Developed	1	-10.0	-1.0	35.0	-1.0	50.0	-1.0
Potential Shortfall	2	20.0	0.0	44.0	0.0	54.0	0.0
Delayed	1	-130.0	0.0	13.0	0.0	286.0	1.0
<b>TOTAL</b>	<b>23</b>	<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018  
DETAIL**

Appendix 2

POSITION AS AT 30 JUNE 2019

Ref	Service area	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation	Additional Comment (if required)
			£000	FTE	£000	FTE	£000	FTE		
TB01-1	Development and Infrastructure (roads and amenity, planning, economic development)	Review central support to D&I Services	112.5	4.0	150.0	4.0	150.0	4.0	Delivered	All staff have now left the council.
TB03-1	Environmental Health and Animal Health	Raise environmental/animal health fees to match other councils	140.0	0.0	140.0	0.0	140.0	0.0	Delivered	We will continue to monitor the income closely due to issues over some of the increases.
TB04-2	Regulatory Services	Trading Standards re-design	27.5	0.6	80.1	1.6	80.1	1.6	Delivered	
TB04-4	Regulatory Services	Advice Services remodelling	0.0	0.0	57.1	1.0	105.1	2.0	Delivered	
TB06-1	Planning/Other Planning Services	Introduce charges for non-statutory pre-application services for all scales of development.	55.0	0.0	60.0	0.0	65.0	0.0	Delivered	We will continue to monitor the income closely over the coming months
TB06-4	Planning/Other Planning Services	Reduce planning team leadership posts	0.0	0.0	52.0	1.0	52.0	1.0	Delivered	
TB06-5	Planning/Other Planning Services	Planning technician team reduction	35.0	1.0	88.0	2.0	88.0	2.0	Delivered	
TB06-9	Planning/Other Planning Services	3% increase in charges for street names/numbering	13.0	0.0	21.6	0.0	31.6	0.0	Delivered	
TB07	Depots	Create one main depot in key areas to reduce costs	16.5	0.0	115.5	0.0	172.5	0.0	On Track to be Delivered	Security contract has ceased at Blackhill depot contributing towards savings. Contract let for Mill Park redevelopment, site clearance underway at Kilmory which will enable final design to be progressed. Staffing transfer near completion for Appin Depot with instruction given to market this site.
TB08	Parking	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.	180.0	-1.0	345.0	-3.0	527.0	-3.0	On Track to be Delivered	Parking proposals now in place in both Oban and Arrochar. Initial consultation has been carried out at Duck Bay. It is anticipated that there may be some objections received to the Duck Bay proposal that may impact on implementation affecting savings in future years.
TB09	Public Conveniences	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	10.0	0.0	24.0	0.0	24.0	0.0	Potential Shortfall	The EDI Committee in December 2018 considered a report reviewing the public convenience asset group. This report has sub-divided that group according to the evidence available on footfall, and has presented members with individual options to consider. This agreed to adopt the principle of charging at high footfall facilities; install honesty boxes at medium footfall facilities; and actively pursue community ownership options at those facilities identified as low use.
TB10	Ferries	Ferry service management and cost recovery	55.0	-1.0	85.0	-1.0	110.0	-1.0	Delivered	
TB11	Piers and Harbours	Commercial approach to piers and harbours charging	284.0	0.0	404.0	0.0	524.0	0.0	Delivered	Ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the revised additional charges.

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018  
DETAIL**

Appendix 2

POSITION AS AT 30 JUNE 2019

Ref	Service area	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation	Additional Comment (if required)
			£000	FTE	£000	FTE	£000	FTE		
TB12a	Amenity Services	Provision of enhanced funeral and burial services	-10.0	-1.0	35.0	-1.0	50.0	-1.0	Being Developed	Progressing a funeral directors business was put on hold as part of last year's budget process. Developments within the industry are being monitored and should opportunities arise due to changes in how other local authorities operate within Scotland, a funeral directors business could be considered further. To ensure saving targets are met the £35K commitment for 2019-20 will be achieved through possible over-recovery at Cardros Crematorium.
TB12b	Amenity Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Potential Shortfall	Possible shortfall in achieving 2019-20 target due to charging issues with Oban Live and other under one banner events. All costs for events must be recovered to ensure targets are met.
TB13b	Roads and Infrastructure	Roads & Amenity Services charging (non-statutory services)	10.0	0.0	50.0	0.0	150.0	0.0	On Track to be Delivered	We will continue to monitor the income closely over the coming months
TB13c & T	Roads and Infrastructure	Combine Roads and Amenity teams into one team and review the services provided.	82.0	2.0	82.0	2.0	164.0	4.0	Delivered	
TB14	Waste	Waste services - increase commercial income; reduce costs of collection and disposal	-130.0	0.0	13.0	0.0	286.0	1.0	Delayed	The ongoing Waste Strategy will be a delivery mechanism for a number of these savings which were forecast for 2019/20, 2020/21 and beyond. Existing appendix requires updating and will be submitted once reviewed.
TB15	Airports	Review existing air service contracts and pursue more commercial opportunities	80.0	-1.0	160.0	-1.0	298.0	-1.0	Delivered	
TB16-10	Economic Development - Economic Growth	Redesign Economic Development Service to focus on higher impact activities	0.0	0.0	57.0	1.0	218.0	4.0	Delivered	2 posts removed and remainder from EDST magement budget 19/20
TB17	Property Services	Identify opportunities for office rationalisation and raising income	27.5	0.0	71.5	0.0	121.5	0.0	On Track to be Delivered	
TB19	Transport	Transport redesign and cost reduction	71.0	1.0	81.0	1.0	91.0	1.0	Delivered	
TB23	Education - other	Adjust janitorial staffing deployment following roll reductions in 8 schools	47.0	2.0	75.0	2.0	75.0	2.0	Delivered	
<b>TOTAL</b>			<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>		

**SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL**

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Warden Service																			
Savings Reference:	RAS15																			
Description of Option:	Reduction of 5 Environmental Wardens																			
Saving:	<table border="1"> <thead> <tr> <th><b>Saving</b></th> <th><b>2019-20 £000</b></th> <th><b>2020-21 £000</b></th> <th><b>2021-22 £000</b></th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>105</td> <td>140</td> <td>140</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>Tbc</b></td> <td><b>Tbc</b></td> <td><b>Tbc</b></td> </tr> </tbody> </table>	<b>Saving</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	Saving approved	105	140	140	Saving Achievable	0			<b>Shortfall</b>	<b>Tbc</b>	<b>Tbc</b>	<b>Tbc</b>			
	<b>Saving</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>																
	Saving approved	105	140	140																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>Tbc</b>	<b>Tbc</b>	<b>Tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.																			



## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																		
Service:	Roads and Amenity Services																		
Service Package:	Public Conveniences																		
Savings Reference:	TB09																		
Description of Option:	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process																		
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>10</td> <td>24</td> <td>24</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td>24</td> <td>24</td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>10</b></td> <td><b>0</b></td> <td><b>0</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	24	24	Saving Achievable	0	24	24	<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>		
	Saving	2018-19 £000	2019-20 £000	2020-21 £000															
	Saving approved	10	24	24															
	Saving Achievable	0	24	24															
<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>																
Reason Why there is a Potential Shortfall in the Saving:	The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including 'non-turnstile' gated options. With this unexpected change, unforeseen delays have been experienced.																		
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The EDI Committee in December 2018 considered a report reviewing the public convenience asset group. This report has sub-divided that group according to the evidence available on footfall, and has presented members with individual options to consider. This agreed to adopt the principle of charging at high footfall facilities; install honesty boxes at medium footfall facilities; and actively pursue community ownership options at those facilities identified as low use.																		

## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Stadiums																			
Savings Reference:	TB12b																			
Description of Option:	Review charges for stadiums to enable improvement work																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>10</td> <td>20</td> <td>30</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	20	30	Saving Achievable	0			<b>Shortfall</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	10	20	30																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	Possible shortfall in achieving 2019-20 target due to charging issues.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	All costs for events are being pursued to ensure targets are met.																			

## SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Waste																			
Savings Reference:	TB14																			
Description of Option:	Waste services - increase commercial income; reduce costs of collection and disposal																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>-130</td> <td>13</td> <td>286</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>-130</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	-130	13	286	Saving Achievable	0			<b>Shortfall</b>	<b>-130</b>	<b>tbc</b>	<b>tbc</b>			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	-130	13	286																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>-130</b>	<b>tbc</b>	<b>tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	<p>When this service proposal was originally developed, an estimated sum had been included in the template of £130k which made provision for establishing a waste transfer station for the Helensburgh and Lomond area. This was to enable a compliant solution to be delivered for the Biodegradable Municipal Waste (BMW) Landfill Ban. Subsequently a joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option.</p> <p>The Council's Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses. An update on the possible outcomes will be provided to the September EDI Committee. This will also include a high level cost model which will help inform future cost pressures from this service area. Finally, senior officers are meeting with Scottish Government officials on 30 July with the intention of seeking clarification on the implications and any mitigation measures from the BMW Landfill Ban.</p> <p>For the reasons stated above, the initial spend and save profile identified in 2018 has experienced variance.</p>																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The ongoing Waste Strategy will be a delivery mechanism for a number of these savings which were forecast for 2019/20, 2020/21 and beyond.																			

**FINANCIAL RISKS ANALYSIS 2019-20**

---

**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £4.673m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.
- 1.4 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

**FINANCIAL RISKS ANALYSIS 2019-20**

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**2. INTRODUCTION**

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2019-20.

**3 DETAIL****3.1 Introduction**

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.

- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.

- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:

- 1 – Remote
- 2 – Unlikely
- 3 – Possible
- 4 – Likely
- 5 – Almost Certain

- 3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB will be responsible for financial and strategic oversight of these services. It will be the responsibility of the IJB to consider the individual financial risks associated with Integration Services and they are therefore not contained within this report. A Council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

**3.2 Council Wide Risks****Revenue**

- 3.2.1 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.480m.

- 3.2.2 At the budget meeting on 21 February 2019, the Council agreed 18 new policy savings options that would deliver savings over the period 2019-20 to 2021-22. The savings to be delivered in 2019-20 amount to £1.598m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.160m.
- 3.2.3 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. At the end of 2018-19 the Social Work overspend was £3.127m. As at 30 June 2019, the Social Work outturn in 2019-20 is estimated to be a £2.807m overspend (see Appendix 2). There is a risk that should the HSCP will not be able to recover from this overspend and they would refer to the Council for additional funding. The IJB do have a recovery plan in place and this is attached as Appendix 3.
- 3.2.4 Utility costs remain a volatile area and it is difficult to accurately predict how the prices for utilities could vary. The outturn in respect of utilities for 2018-19 was an underspend of £0.123m, however, the Council are coming to the end of some utilities contracts and therefore there is a risk that new contracts are more expensive due to rising prices. Due to the volatility of utilities pricing it is very difficult to predict any impact. The financial risk is based on a 10% variation in utility costs and amounts to £0.476m.
- 3.2.5 The Council wide risks noted above, in addition to other Council wide risks, are noted within the table below.

<b>Description</b>	<b>Likelihood</b>	<b>Assessed Financial Impact £000</b>
1% variation in Council Tax Income	2	480
10% shortfall on Savings Options	2	160
IJB refer to Council for additional funding to deliver social work services	3	2,807
Energy costs increase by 10% greater than anticipated	2	476
1% variation of General Inflation Risk	2	750
<b>Total</b>		<b>4,673</b>

### **Capital**

- 3.2.6 The finance settlement announcement on 17 December 2018 provided details of the Local Government funding for 2019-20 and there is therefore certainty as to what

our funding is in respect of General Capital Grant and the specific capital grants already distributed.

- 3.2.7 The capital plan for 2019-20 includes an estimate of £1.203m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in December 2018. A 10% variation equates to £0.120m and this would require to be managed across the capital programme.

### 3.3 Departmental/Service Risks

- 3.3.1 The detail of each departmental financial risk is included within Appendix 1. The following table provides a summary of the number of risks within each department and likelihood category with the financial impact.

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Education	0	0	2	200	2	150	1	100	0	0	5	450
Customer Services	2	20	7	630	12	1,429	0	0	0	0	21	2,079
Development & Infrastructure	2	120	2	140	13	1,467	1	620	0	0	18	2,347
<b>Total</b>	<b>4</b>	<b>140</b>	<b>11</b>	<b>970</b>	<b>27</b>	<b>3,046</b>	<b>2</b>	<b>720</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>4,876</b>

- 3.3.2 The current top three risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500
Roads and Amenity Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to	4	620
Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300

- 3.3.3 The current top three risks in terms of the likely impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	4	100
Roads and Amenity Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	4	620
Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500

### 3.4 Changes to Financial Risks since February 2019 (Budget Setting)

3.4.1 The have been four changes to the departmental risks since the financial risks report included within the budget pack was reported to Council on 21 February 2019.

- The risk of overspend within Education central repairs has increased in likelihood from possible to likely and the financial impact has increased by £0.050m. The Education Service are trying to mitigate this overspend by regular liaison with Property Services regarding the prioritisation and commitment of spend.
- The risk in relation to the Regional Collaborative within Education has now been removed with the intention to incorporate the additional work within the work pattern for schools and officers.
- A further Education risk in relation to ASN support has been downgraded from possible to unlikely with a financial impact reduction of £0.100m. This is due to a demand pressure being built into the 2019-20 budget and continuous monitoring and review of the ASN allocations.
- The risk in relation to winter maintenance has been reduced to £0.200m. Additional budget was added to winter maintenance in 2019-20, however, a risk remains as it's very dependent on the weather.

### 3.5 Monitoring of Financial Risks

3.5.1 Financial risks will be reviewed and monitored on a two monthly basis and will be included in the pack of financial reports submitted to Policy and Resources Committee.

## 4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and 44 departmental risks identified; only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

## 5 IMPLICATIONS

5.1 Policy - None.



- |     |                    |          |   |
|-----|--------------------|----------|---|
| 5.2 | Financial -        |          | The financial value of each risk is included within the appendix. |
| 5.3 | Legal -            |          | None.   |
| 5.4 | HR -               |          | None.   |
| 5.5 | Fairer<br>Duty -   | Scotland | None.   |
| 5.6 | Risk -             |          | Financial risks are detailed within the appendix.                 |
| 5.7 | Customer Service - |          | None.   |

**Policy Lead for Strategic Finance and Capital Regeneration Projects -  
Councillor Gary Mulvaney**

**Kirsty Flanagan  
Head of Financial Services  
16 July 2019**

**APPENDICES**

- Appendix 1 – Detail of Department/Service financial risks.
- Appendix 2 – IJB Budget Monitoring Report as at 30 June 2019
- Appendix 3 – IJB Financial Recovery Plan 2019-20

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Education	Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	3	50	4	100
Education	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	Monitoring developments of the implementation of the Act and statutory guidance produced.	3	50	3	50
Education	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this and the Council has altered their implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	The timeline of the implementation plan has been revised to align with the Scottish Government funding profile. Continuous monitoring and review of the implementation plan and resources.	2	100	2	100
Education	Education	Regional Collaborative	The implementation of regional collaboratives would result in additional work associated with the delivery of the Regional Improvement Plan.	Planning to incorporate within work pattern for schools and officers. The full impact of the contribution to Regional Collaboratives and the time allocation required by each authority is yet unknown.	3	10		0
Education	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement.	A demand pressure has been built into the 2019-20 budget which helps to minimise the value of the risk. Continuous monitoring and review of ASN allocations.	3	200	2	100
Customer Services	Customer and Support Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	3	125	3	125

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Customer Services	Customer and Support Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Customer Services	Customer and Support Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30
Customer Services	Customer and Support Services	Software Licences	Potential risk of being underlicensed for software which will be identified via software audits.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Customer Services	Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500	3	500
Customer Services	Facility Services	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC (Carbon Reduction Commitment) Energy Efficiency Scheme, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200	3	200
Customer Services	Facility Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications.	3	100	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Facility Services	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	3	150	3	150
Customer Services	Facility Services	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60	2	60
Customer Services	Governance and Law	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	34	3	34
Customer Services	Governance and Law	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends.	3	30	3	30
Customer Services	Governance and Law	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10	1	10
Customer Services	Governance and Law	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Customer Services	Hub Schools	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	150	2	150
Customer Services	NPDO	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	150	2	150
Customer Services	Special Projects	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	One Council property team now in place.	3	50	3	50

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Special Projects	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Customer Services	Special Projects	Leisure Trust - Management Fee	Increase in RPI - inflation on Employee Costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	50	2	50
Customer Services	Special Projects	LiveArgyll - Company 2.	LiveArgyll overspend or under recover anticipated income outwith Management Fee which is fixed for first 3 years.	Ongoing monitoring net spend against profile. Strategic Finance liaise with SPT and Live Argyll to ensure accurate and timely reporting with action taken to mitigate when identified.	2	100	2	100
Customer Services	Special Projects	Leisure Service Level Agreements	Increase in RPI - requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	25	3	25
Development & Infrastructure	Economic Development	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Council have procured self provision fuel tank at Oban Airport and site works are underway. This will reduce external commercial fuel costs.	3	30	3	30
Development & Infrastructure	Economic Development	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities e.g. through website and facebook, provision of marketing materials and regular awareness raising events. It is hoped that the supply of fuel at the facility will attract more customers.	2	10	2	10
Development & Infrastructure	Planning and Regulatory Services	Homelessness Temporary Accommodation Income	Introduction of Universal Credit has an impact on the level and method of benefits recovered for temporarily accommodated individuals.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application.	3	25	3	25
Development & Infrastructure	Planning and Regulatory Services	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner.	3	100	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning, Housing and Regulatory Services	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Development & Infrastructure	Planning, Housing and Regulatory Services	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase planning fees to a sustainable level.	3	100	3	100
Development & Infrastructure	Planning, Housing and Regulatory Services	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	75	3	75
Development & Infrastructure	Planning, Housing and Regulatory Services	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20	1	20
Development & Infrastructure	Planning, Housing and Regulatory Services	Environmental Health- export certificates	Downturn in requests for export certificates as a result of Brexit, changes to international trading agreements or business economy	Monitor activity and continue to support businesses through approvals, food safety regulation engagement, and support at 3rd country audits.	2	130	2	130
Development & Infrastructure	Roads and Amenity Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
Development & Infrastructure	Roads and Amenity Services	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40	3	40
Development & Infrastructure	Roads and Amenity Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	All vessels are dry-docked on an annual basis then surveyed; any identified, or planned, essential works are carried out whilst the vessel is docked before being certificated by MCA – so, safety of crew and passengers is assured. Marine Services will produce a ferry replacement plan which will identify the programme and likely costs for replacement of vessels on a managed and proactive basis.	4	620	4	620

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Development & Infrastructure	Roads and Amenity Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	3	100
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	300	3	300
Development & Infrastructure	Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	600	3	200
Development & Infrastructure	Roads and Amenity Services	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27	3	27
Development & Infrastructure	Roads and Amenity Services	Waste Disposal	Waste Strategy - potential impact of preparation for biodegradable municipal waste landfill ban	Developing Waste Strategy that will have a compliant model that also has the minimum financial impact for short and long term for the Council	3	200	3	200
<b>Total</b>					<b>45</b>	<b>5,336</b>	<b>44</b>	<b>4,876</b>



Argyll & Bute Health & Social Care Partnership

**Integrated Joint Board**

**Agenda item: 4.3a**

**Date of Meeting: 7 August 2019**

**Title of Report: Budget Monitoring as at 30 June 2019**

**Presented by: Judy Orr, Head of Finance and Transformation**

**The Integrated Joint Board is asked to:**

- Note the forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019 and that there is a small year to date underspend of £0.059m as at the same date.

**1. EXECUTIVE SUMMARY**

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019.
- 1.2 There is a year to date underspend of £0.059m as at 30 June 2019. This consists of an overspend of £0.302m within Social Work delivered services offset by a year to date underspend of £0.361m within Health.
- 1.3 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a year to date overspend of £0.500m within Health.

**2. INTRODUCTION**

- 2.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019. Information is provided on both the year to date position and the forecast outturn position and is summarised at a service/activity level.

**3. DETAIL OF REPORT**

**3.1 Year to Date Reporting within Partner Organisations**

- 3.1.1 In terms of the year to date position, it should be noted that on an overall Health and Social Care Partnership basis, the year to date figures may not directly link to the forecast outturn position. This is because the Council does not undertake accrual accounting and there may be a delay in receiving invoices.



3.1.2 Health undertake high level monthly accrual accounting which means that expenditure and income adjustments are made at the end of each month to align expenditure and income to the correct month. There should be a correlation in the year to date position and the forecast outturn position.

3.1.3 Currently we have to accept that the Health and Social Care Partnership finances are recorded across two different organisations with differing financial reporting procedures. However, both parts of the organisation produce the financial forecasts on a similar basis.

### **3.2 Year to Date Position as at 30 June 2019**

3.2.1 There is a year to date underspend of £0.059m as at 30 June 2019. This consists of an overspend of £0.302m within Social Work delivered services offset by a year to date underspend of £0.361m within Health. Further information is provided within Appendix 1.

3.2.2 Within Health delivered services the underspend is mainly due to successful appeal of rateable values following the last revaluation and rebates received. There are overspends on Adult Services linked to savings not being achieved in addition to increased costs for agency/locum staff and GP prescribing. The overspend has been offset to an extent by vacancy savings and rebates, including on prior year's rates. and also slippage on budget reserves which includes one-off in year allocations.

3.2.3 Within Social Work the overspends are mainly on Learning Disability Joint Residential and Supported Living, and Physical Disability Supported Living arising due to service demands, and on Mental health due to lower than expected income. Within Learning Disability, the variance is caused by both a failure to deliver planned savings along with spend above budgeted levels. There are some offsetting underspends on Children & Families central management costs and Child Protection due to staffing underspends and lower than expected demand, and underspends on Adult Services Central management costs as certain monies have not been transferred yet to the relevant budgets.

### **3.3 Forecast Outturn Position as at 30 June 2019**

3.3.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a forecast overspend of £0.500m within Health. Further information is provided within Appendix 2.

3.3.2 Within Health delivered services the forecast overspend is £0.500m. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The overspend has been offset to an extent by vacancy savings and also slippage on budget reserves which includes one-off in year allocations. It is expected that this overspend should be containable through on-going grip and control of expenditure during the remainder of the financial year, so no new savings are proposed in the recovery plan for Health.

- 3.3.3 Within Social Work the forecast overspend is £2.306m. This is a very disappointing position. It should be noted that this is the position at the end of month 3 which is still fairly early in the year, and is based on our assessment of the trends at this time, and reflecting actions already well underway. Over the remaining 9 months of the year, concerted efforts will be made in order to deliver an outturn which is considerably closer to a balanced budget. Updated forecasts will be prepared each month so that progress can be tracked.
- 3.3.4 The biggest single area of Social Work overspend is on Learning Disability where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand. This links closely with the year to date position. Again both are affected by the same factors. The next two areas of forecast overspend are Physical Disability and Older People.
- 3.3.5 Vacancy savings had not been taken for Social Work at the date the forecast was prepared, and overall at this point savings for the full year were initially anticipated only at £377k against a budget of £623k. Further work has now been done to identify the scale of these given that the net underspend on employee costs for the first quarter is £528k. This reflects the extensive grip and control process which is in place before any vacancies are filled. This further work has suggested that the outturn will be improved by £500k to reflect the position more accurately, and this has been built into the forecast position as a separate line at Appendix 2.
- 3.3.6 The most significant risk affecting the forecast outturn position for Health is the SLA for Greater Glasgow and Clyde. At the last IJB a decision was made to reject the increase and the forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by up to £2m.

### **3.4 Savings Delivery**

- 3.4.1 As at end of June £4.453m of the target £9.823m savings have been delivered – 45% of the total. At this stage of the year, we are forecasting to deliver £7.6m of the savings in total by the year end – 78% of the total. Further information is provided at Appendix 3.
- 3.4.2 The shortfall for Social Work is £1.1m as very little of the remaining planned savings from 2018-19 have been delivered so far, nor are there detailed plans in progress for these. Therefore the forecast has been prepared based on an estimate of delivering only 50% of these planned savings throughout the remainder of the year. Of the new savings agreed for the 2019-20 budget, all have been delivered with the exception of the management re-structuring which is now targeted to complete in September.
- 3.4.3 The shortfall for Health is similar at £1.0m, but in contrast only £124k of the planned savings from 2018/19 are not yet forecast to be delivered, and the main risk relates to delivery of the new savings agreed for 2019/20 where actions are still underway.

**4. RELEVANT DATA AND INDICATORS**

- 4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

**5. CONTRIBUTION TO STRATEGIC PRIORITIES**

- 5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. This needs to be considered when options are developed to balance the budget.

**6. GOVERNANCE IMPLICATIONS**

- 6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019. A financial recovery plan is therefore required setting out how the forecast overspend will be addressed and returned to a breakeven position. This is provided by a separate report to the Quality and Finance Programme Board.
- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.
- 6.3 Clinical Governance - None

**7. EQUALITY AND DIVERSITY IMPLICATIONS**

- 7.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.

**8. RISK ASSESSMENT**

- 8.1 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan.

**9. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

- 9.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

**10. CONCLUSIONS**

- 10.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019. The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. A financial recovery plan to return the H&SCP to a breakeven position is presented separately.

10.2 The Strategic Leadership Team continues to meet on a regular basis to gain grip and control of the financial position. It is hoped the financial position will improve over the remaining months of this financial year.

**11. DIRECTIONS**

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

**APPENDICES:**

Appendix 1 – Year to Date Position as at 30 June 2019

Appendix 2 – Forecast Outturn for 2019-20 as at 30 June 2019

Appendix 3 – Savings achieved and forecast as at 30 June 2019

Reporting Criteria: +/- £50k or +/- 10%

For information:

The Council don't do monthly based accrual accounting, whereas Health do.

On the Council side, there may be a mismatch between year to date actual and budgets, due to timing differences as to when invoices are paid.

Health do monthly based accrual accounting, therefore, you should see a correlation in the year to date position and the year end outturn position.

Service	Actual £000	Budget £000	Variance £000	% Variance	Explanation
<b>COUNCIL SERVICES:</b>					
Chief Officer	174	169	(5)	(3.0%)	Outwith reporting criteria.
Children and Families Central Management Costs	468	588	120	20.4%	The YTD underspend is mainly due to staffing underspends in the admin teams, a delayed payment for rental charges at MAHICC, and an underspend on third party payments.
Child Protection	598	749	151	20.2%	The YTD underspend is mainly due to underspends in staffing, travel and supplies and services costs in the Children and Families area teams and lower than expected demand for contact and welfare services.
Children with a Disability	223	213	(10)	(4.7%)	Outwith reporting criteria.
Criminal Justice	38	73	35	47.9%	The YTD underspend is mainly due to underspends on staffing, travel and supplies and services as well as higher than expected YTD income receipts.
Looked after children	1,600	1,579	(21)	-1.3%	Outwith reporting criteria.
Adult Services Central Management Costs	61	118	57	48.3%	The YTD underspend is mainly related to the phasing of additional funding related to switching the sleepover charge rate to being based on the Scottish Living Wage and demand for services for young adults. This funding will be reallocated to the appropriate budgets during July 2019.
Learning Disability	3,170	2,770	(400)	-14.4%	The YTD overspend is mainly due to the YTD slippage on the delivery of agreed efficiency savings and an overspend on third party payments arising due to service demand.
Mental Health	638	566	(72)	-12.7%	The YTD overspend arises mainly due to lower than expected income from cost recharges and care fees partially offset by an underspend on staffing.
Older People	6,729	6,794	65	1.0%	The YTD underspend is mainly due to underspends in staffing and third party payments mostly offset by the YTD slippage on agreed efficiency savings and lower than expected YTD income from fees and charges in several residential units, telecare and from new charging order debt.
Physical Disability	654	428	(226)	(52.8%)	The YTD overspend is mainly due to overspends on third party payments and adaptations arising due to service demand and lower than expected income from fees and charges.
Strategic Planning & Performance	90	94	4	4.3%	Outwith reporting criteria.
<b>COUNCIL SERVICES TOTAL</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	
<b>HEALTH SERVICES:</b>					

Reporting Criteria: +/- £50k or +/- 10%

For information:

The Council don't do monthly based accrual accounting, whereas Health do.

On the Council side, there may be a mismatch between year to date actual and budgets, due to timing differences as to when invoices are paid.

Health do monthly based accrual accounting, therefore, you should see a correlation in the year to date position and the year end outturn position.

Service	Actual £000	Budget £000	Variance £000	% Variance	Explanation
Adult Services - West	13,568	13,295	(273)	-2.1%	Savings not being achieved and several budget overspends, including; Psychiatric medical services - locums, LIH Day Bed Unit - oncology drugs, Mull Medical Group - GP locums, LIH wards - agency nurses, LIH Laboratory - agency staffing and non pay costs, GP prescribing - Lochgilphead Medical Practice, LIH medical staffing, Flu vaccine costs, mobile CT scanner costs
Adult Services - East	7,491	7,415	(76)	-1.0%	Savings not being achieved and budget overspends on GP prescribing
Children & Families Services	1,739	1,748	9	0.5%	Outwith reporting criteria.
Commissioned Services - NHS GG&C	15,874	15,873	(1)	0.0%	Outwith reporting criteria.
Commissioned Services - Other	877	961	84	8.7%	Underspend due to no current admissions to private sector eating disorder units and low activity on Scottish Board's cost per case treatments
General Medical Services	4,203	4,273	70	1.6%	Prior year non-recurring rates rebates
Community and Salaried Dental Services	793	997	204	20.5%	Mainly due to vacancies
Other Primary Care Services	2,391	2,391	0	0.0%	Outwith reporting criteria.
Public Health	387	448	61	13.6%	Vacancies and slippage on in year allocations
Lead Nurse	346	400	54	13.5%	Vacancies
Management Service	545	684	139	20.3%	Non-recurring prescribing rebate and vacancies
Planning & Performance	451	461	10	2.2%	Outwith reporting criteria.
Depreciation	606	628	22	3.5%	Outwith reporting criteria.
Income	(462)	(383)	79	-20.6%	Revised tariffs currently being implemented for 19/20.
Estates	1,228	1,329	101	7.6%	Prior year non-recurring rates rebates
People & Change	142	145	3	2.1%	Outwith reporting criteria.
Budget Reserves	0	(125)	(125)	100.0%	Uncertainty over the value of SG allocations
<b>HEALTH SERVICES TOTAL</b>	<b>50,179</b>	<b>50,540</b>	<b>361</b>	<b>0.7%</b>	
<b>GRAND TOTAL</b>	<b>64,622</b>	<b>64,681</b>	<b>59</b>	<b>0.1%</b>	

## REVENUE BUDGET MONITORING FORECAST OUTTURN - AS AT 30 JUNE 2019

Reporting Criteria: +/- £50k or +/- 10%

Service	Annual Budget £000	Forecast Outturn £000	Variance £000	% Variance	Explanation
<b>COUNCIL SERVICES:</b>					
Chief Officer	230	431	(201)	(87.4%)	The forecast overspend arises mainly due to slippage on agreed efficiency savings.
Children and Families Central Management Costs	2,571	2,612	(41)	(1.6%)	Outwith reporting criteria.
Child Protection	3,433	3,361	72	2.1%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	863	803	60	7.0%	The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Criminal Justice	124	119	5	4.0%	Outwith reporting criteria.
Looked after children	7,019	7,174	(155)	(2.2%)	The forecast overspend arises due to demand and slippage on agreed efficiency savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Adult Services Central Management Costs	795	481	314	39.5%	The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.
Learning Disability	10,000	11,267	(1,267)	(12.7%)	The forecast overspend reflects higher than budgeted demand for services and slippage on agreed efficiency savings.
Mental Health	1,989	1,941	48	2.4%	Outwith reporting criteria.
Older People	29,915	30,678	(763)	(2.6%)	The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed efficiency savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	1,362	2,240	(878)	(64.5%)	The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed efficiency savings.
Strategic Planning & Performance	421	421	0	0.0%	Outwith reporting criteria.

Vacancy savings not yet taken	0	(500)	500	n/a	Additional vacancy savings projected which are not included in Service forecasts above reflecting YTD positive variance on employee costs of £528k as a result of grip and control which is continuing.
<b>COUNCIL SERVICES TOTAL</b>	<b>58,722</b>	<b>61,028</b>	<b>(2,306)</b>	<b>(3.9%)</b>	
<b>HEALTH SERVICES:</b>					
Adult Services - West	53,381	54,527	(1,146)	(2.1%)	Savings not being achieved and several budget overspends, including; Psychiatric medical services - locums, LIH Day Bed Unit - oncology drugs, Mull Medical Group - GP locums, LIH wards - agency nurses, LIH Laboratory - agency staffing and non pay costs, GP prescribing - Lochgilphead Medical Practice, LIH medical staffing, Flu vaccine costs
Adult Services - East	29,799	29,925	(126)	(0.4%)	Savings not being achieved and budget overspends on GP prescribing
Children & Families Services	7,003	6,946	57	0.8%	Mainly due to vacancies
Commissioned Services - NHS GG&C	63,491	63,741	(250)	(0.4%)	Cost of new expensive drugs for Cystic Fibrosis
Commissioned Services - Other	3,844	3,844	0	0.0%	Outwith reporting criteria.
General Medical Services	17,284	17,184	100	0.6%	Prior year non-recurring rates rebates
Community and Salaried Dental Services	3,989	3,732	257	6.9%	Mainly due to vacancies
Other Primary Care Services	9,600	9,600	0	0.0%	Outwith reporting criteria.
Public Health	1,904	1,829	75	4.1%	Mainly due to vacancies
Lead Nurse	1,492	1,467	25	1.7%	Outwith reporting criteria.
Management Service	2,707	2,547	160	6.3%	Mainly due to vacancies
Planning & Performance	2,191	2,171	20	0.9%	Outwith reporting criteria.
Depreciation	2,512	2,423	89	3.7%	Outwith reporting criteria.
Income	(1,533)	(1,656)	123	(7.4%)	Revised tariffs currently being implemented for 19/20.
Estates	5,328	5,213	115	2.2%	Prior year non-recurring rates rebates
People & Change	579	578	1	0.2%	Outwith reporting criteria.
<b>HEALTH SERVICES TOTAL</b>	<b>203,571</b>	<b>204,071</b>	<b>(500)</b>	<b>(0.2%)</b>	
<b>GRAND TOTAL</b>	<b>262,293</b>	<b>265,099</b>	<b>(2,806)</b>	<b>(1.1%)</b>	



**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved	Unachieved	%	Achievement	Shortfall	%
				£' 000	£' 000	Achieved	£' 000	£' 000	Achieved
1819-7	Thomson Court	Jane Williams	10	0	10	0%	5	5	50%
1819-8	Assessment and Care Management	Jim Littlejohn/Donald Watt	42	0	42	0%	21	21	50%
1819-14	Redesign of Internal and External Childrens Residential Placements	Pamela Hoey	200	0	200	0%	100	100	50%
1819-15	Children and Families Management Structure	Alex Taylor	150	0	150	0%	75	75	50%
1819-17	School Hostels review of Catering, Cleaning and Income Generation	Alex Taylor	60	60	0	100%	60	0	100%
1819-19	Review and Redesign of Physical Disability Services	Jim Littlejohn/Donald Watt	28	0	28	0%	14	14	50%
1819-19	Review and Redesign of Learning Disability Services - Sleepovers and Technology Argyll Wide	Jim Littlejohn/Donald Watt	299	0	299	0%	149	150	50%
1819-19	Review and Redesign of Learning Disability Services - Packages of Care Cowal	Alison McKerracher	125	0	125	0%	62	63	50%
1819-19	Review and Redesign of Learning Disability Services - Packages of Care Helensburgh	Linda Skrastin	152	0	152	0%	76	76	50%
1819-19	Review and Redesign of Learning Disability Resource Centres	Jim Littlejohn/Donald Watt	36	0	36	0%	18	18	50%
1819-19	Review and Redesign of Learning Disability Rothesay Resource Centre	Jane Williams	14	0	14	0%	7	7	50%
1819-19	Review and Redesign of Learning Disability Assist Cowal Resource Centre	Jayne Lawrence Winch	30	0	30	0%	15	15	50%
1819-19	Review of Ext Residential Learning Disability Placements	Jim Littlejohn/Donald Watt	194	0	194	0%	97	97	50%
1819-22	Adult Care West - Restructure of Neighbourhood Teams (SW & Health)	Donald Watt	250	0	250	0%	125	125	50%
1819-25	Older People Day/Resource Centre - Address high levels of management - consolidate opening hours - shared resource	Jim Littlejohn/Donald Watt	212	0	212	0%	106	106	50%
1819-31	Integrate HSCP Admin, digital Tech and Central Appoint System	Stephen Whiston	125	0	125	0%	62	63	50%
1819-33	Catering, Cleaning and other Ancillary Services	Stephen Whiston	100	30	70	30%	65	35	65%
1819-40	SLA and Grants operate within allocation	Brian Reid	23	0	23	0%	12	11	52%
1819-41	Criminal Justice - Manage Service within SG Grant Allocation	Shona Williams	20	20	0	100%	20	0	100%
1819-42	Contract Management reducing payments to Commissioned External providers	Jim Littlejohn/Donald Watt	33	0	33	0%	17	16	52%
1819-45	Review Care Management - consistent application of Priority of Need Framework	Jim Littlejohn/Donald Watt	107	107	0	100%	107	0	100%
1819-46	Adopt a Single Community Team Approach to undertaking Assessment and Care Management	Jim Littlejohn/Donald Watt	120	0	120	0%	60	60	50%
1819-47	Withdrawal of Lunch Club and Meals on Wheels	Jim Littlejohn/Donald Watt	31	0	31	0%	16	15	52%
1819-49	Amend Non-Residential Charging Policy	Jim Littlejohn	113	113	0	100%	113	0	100%

**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1920-10	Increase Workforce Vacancy Savings	David Forshaw	156	156	0	100%	156	0	100%
1920-13	Right-size External Care Home Budget	Jim Littlejohn	400	400	0	100%	400	0	100%
1920-14	Amend Charging Order Income Budget	David Forshaw	120	120	0	100%	120	0	100%
1920-15	Right-size Children & Families Budgets in line with tighter control CRP	Mark Lines	100	100	0	100%	100	0	100%
1920-16	Criminal Justice - Manage Service within SG Grant Allocation	Shona Williams	20	20	0	100%	20	0	100%
1920-18	Right-size Non-Residential Income Budgets	David Forshaw	160	160	0	100%	160	0	100%
1920-19	Right-size budget for external care home placements (mental health) – in line with spend.	Jim Littlejohn/Donald Watt	154	154	0	100%	154	0	100%
1920-20	Recovery of unused funds from clients who receive Direct Payments.	David Forshaw	40	40	0	100%	40	0	100%
1920-21	Right-size income budget for clients in residential homes.	David Forshaw	29	29	0	100%	29	0	100%
1920-33	Review of management structure	Joanna Macdonald	102	0	102	0%	51	51	50%
1920-37	Permanently close the moth-balled dementia day service based at Ardfenaig Bungalow, Ardrishaig. Dementia Day Services.	Donald Watt	71	71	0	100%	71	0	100%
<b>Totals</b>			<b>3,826</b>	<b>1,580</b>	<b>2,246</b>	<b>41%</b>	<b>2,703</b>	<b>1,123</b>	<b>71%</b>

**ARGYLL & BUTE HEALTH SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30th June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1819-4	Closure of West House / Argyll & Bute Hospital site	David Ross	120	0	120	0%	120	0	100%
1819-5	Closure of Aros (running costs)	Sandy Wilkie	40	0	40	0%	40	0	100%
1819-10	Medical Physics department - HAU109	Caroline Henderson	2	0	2	0%	2	0	100%
1819-16	Children & Families services staffing	Alex Taylor	50	0	50	0%	0	50	0%
1819-30	Admin pays - Lochgilphead	Donald Watt	5	5	0	100%	5	0	100%
1819-32	Domestic services - Argyll & Bute wide	?	25	0	25	0%	10	15	40%
1819-32	Portering services - Argyll & Bute wide	?	5	0	5	0%	0	5	0%
1819-44	Advanced Nurse Practitioners - Oban	Caroline Henderson	14	0	14	0%	0	14	0%
1819-48	Value Management Structure for AHPs	Linda Currie	10	0	10	0%	0	10	0%
1819-53	Vehicle Fleet Services	Stephen Whiston	40	22	18	55%	40	0	100%
1819-54	OLI efficiency target - 1% target	Lorraine Paterson	11	9	2	84%	11	0	100%
1819-55	Lead Nurse	Liz Higgins	5	0	5	0%	5	0	100%
	Reduction to Investment Fund	-	247	247	0	100%	247	0	100%
1920-0	Complex care packages funded via NHS Highland	Liz Higgins	400	400	0	100%	400	0	100%
1920-1	Provision of drugs for Hepatitis C (GGC)	Stephen Whiston	40	40	0	100%	40	0	100%
1920-2	Income from patients services etc	Stephen Whiston	100	0	100	0%	100	0	100%
1920-3	Health Promotion Discretionary Budgets	Alison McGrory	100	46	54	46%	46	54	46%
1920-4	Review of Service Contracts	Lorraine Paterson	100	0	100	0%	0	100	0%
1920-5	Flight costs for patients attending appointments	Lorraine Paterson	100	87	13	87%	100	0	100%

**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1920-6	Ferry ticket costs for staff and patients	Lorraine Paterson	25	0	25	0%	0	25	0%
1920-7	Accommodation and subsistence costs for staff	George Morrison	50	0	50	0%	0	50	0%
1920-8	GP Prescribing	Fiona Thomson	500	67	433	13%	500	0	100%
1920-9	Workforce vacancy savings	George Morrison	750	750	0	100%	750	0	100%
1920-11	Slippage on SG in-year allocations and budget reserves	George Morrison	1,000	0	1,000	0%	1,000	0	100%
1920-12	Remove reprovision reserve	George Morrison	500	500	0	100%	500	0	100%
1920-17	Knapdale Ward	Donald Watt	115	115	0	100%	115	0	100%
1920-22	Dunoon Medical Services	Rebecca Heliwell	100	0	100	0%	0	100	0%
1920-30	Alcohol and Drugs Partnership Funding	Sandra Cairney	138	138	0	100%	138	0	100%
1920-31	Review of SLAs with GGC	Stephen Whiston	345	19	326	6%	82	263	24%
1920-32	Review of management structure	Joanna MacDonald	200	0	200	0%	0	200	0%
1920-34a	Integrated Care Fund - OLI	Lorraine Paterson	23	23	0	100%	23	0	100%
1920-34b	Integrated Care Fund - MAKI	Donald Watt	25	25	0	100%	25	0	100%
1920-34c	Integrated Care Fund - C&B	Alison McKerracher	28	0	28	0%	28	0	100%
1920-34d	Integrated Care Fund - H&L	Jim Littlejohn	24	24	0	100%	24	0	100%
1920-35	Bed reduction savings : Dunoon	Alison McKerracher	150	0	150	0%	150	0	100%
1920-36	Mental Health Bridging Funding	-	300	300	0	100%	300	0	100%
1920-38a	LIH Theatre nurse staffing - HAK112	Caroline Henderson	60	0	60	0%	30	30	50%
1920-38b	Lorn & Islands Hospital staffing	Lorraine Paterson	200	6	194	3%	61	139	30%
1920-39	Learning Disabilities	Nikki Gillespie	50	50	0	100%	50	0	100%
<b>Totals</b>			<b>5,997</b>	<b>2,873</b>	<b>3,124</b>	<b>48%</b>	<b>4,941</b>	<b>1,056</b>	<b>82%</b>
<b><u>ARGYLL &amp; BUTE HSCP TOTAL SAVINGS PLAN 2019/20</u></b>			<b><u>9,823</u></b>	<b><u>4,453</u></b>	<b><u>5,370</u></b>	<b><u>45%</u></b>	<b><u>7,644</u></b>	<b><u>2,179</u></b>	<b><u>78%</u></b>

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**Integrated Joint Board**

**Agenda item: 4.3c**

**Date of Meeting: 7 August 2019**

**Title of Report: Financial Recovery Plan**

**Presented by: Judy Orr, Head of Finance and Transformation**

**The Integrated Joint Board is asked to:**

- Consider the proposed financial recovery plan.

**1. EXECUTIVE SUMMARY**

1.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a year to date overspend of £0.500m within Health. In accordance with the Integration Scheme paragraph 8.2.18, as soon as an overspend is predicted, the Chief Officer and Chief Financial Officer are required to identify the cause of the forecast overspend and prepare a recovery plan to return to a break even position. The recovery plan should be approved by the Integrated Joint Board. The paper therefore proposes a financial recovery plan for consideration by the Integrated Joint Board in line with this requirement of the Integration Scheme.

**2. INTRODUCTION**

2.1 This report provides a commentary on the causes of the forecast overspend and proposes a financial recovery plan in order to return the forecast to a break even position.

**3. DETAIL OF REPORT**

**3.1 Causes of forecast overspend and recovery action proposed - Health**

3.1.1 Within Health delivered services the forecast overspend is £0.500m. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The forecast shows that there are still a further £1,056k of savings which are not yet fully in train to be delivered. The biggest of the outstanding savings relate to the management restructure (£200k which is

now progressing; the review of the SLAs with Greater Glasgow & Clyde (£263k) which is at risk; Lorn & Isles staffing (£169k) which is being met from non-recurring vacancy savings at present; and Dunoon medical services locum costs (£100k) which are out to advert. Excluding the bulk of the SLA savings which are at risk, it is anticipated that £800k of the outstanding £1056k should be possible of delivery.

3.1.2 The forecast overspend has been offset to an extent by vacancy savings and also slippage on budget reserves which includes one-off in year allocations. It is expected that this overspend should be containable through the actions described above to continue to deliver on the outstanding savings, along with on-going grip and control of expenditure during the remainder of the financial year, particularly on agency / locum staff so no new savings are proposed in the recovery plan for Health.

3.1.3 As a result no new savings are proposed as part of the recovery plan for Health.

### **3.2 Causes of forecast overspend and recovery action proposed – Social Work**

3.2.1 Within Social Work the forecast overspend is £2.306m. The overspends are mainly on Learning Disability Joint Residential and Supported Living, and Physical Disability Supported Living arising due to service demands, and on Mental health due to lower than expected income. Within Learning Disability, the variance is caused by both a failure to deliver planned savings along with spend above budgeted levels. There are some offsetting underspends on Children & Families central management costs and Child Protection due to staffing underspends and lower than expected demand, and underspends on Adult Services Central management costs as certain monies have not been transferred yet to the relevant budgets.

3.2.2 The overspend is caused in part currently forecasting that only 50% of the remaining savings of £2.2m will be delivered.

3.2.3 The largest single area is in relation to Learning Disability (£850k) which has lost focus since the departures of the Service Improvement officer working on this area. The restructuring of the Head of Adult Services roles will ensure that there is a single clear lead for this area of responsibility, and until the permanent appointments are made, the Head of Adult Services East will take the lead for this and will ensure that a member of his team works full time on delivering the savings for Learning Disability. They will review sleepovers, ensure core and cluster model of care is driven forward with the new properties now coming onstream for this and suitable clients brought back from expensive out of area placements so that this not only reduces costs but provides a better service.

3.2.4 The restructuring of the neighbourhood teams in Adult Care West had stalled due to staffing changes, but this is now being picked up by the Interim Heads of Adult Care West and being actively progressed in order to deliver the full amount of savings indicated of £250k, along with the additional £120k

saving on adopting a single team community approach to undertaking assessment and care management.

3.2.5

The savings of £212k proposed for Older people Day/Resource Centre management costs reflects an imbalance in these costs towards the East and is now being addressed by the Head of Adult Services East.

3.2.6

The plan is therefore to increase efforts to deliver these already agreed savings so that they are nearly all delivered in full. Some of the savings from the reviews of management structure (£150k and £102k) are delayed, not all of the lunch club saving is now considered viable (£31k), nor all of the HSCP admin, and catering and cleaning savings. Overall at most £2m is estimated to be deliverable.

3.2.7

There are however, additional overspend areas which do not directly relate to undelivered savings amounting to £1.2m. Further review of the forecast outturn during July has indicated that we expect an improvement in the position by £0.5m. This is as a result of reduction to agency social workers (now reduced to just 9, most are planned to be ended over the next few months), along with improved control of cases through the Adult Care Resource Group (which reviews all new cases weekly ensuring minimum safe interventions are being proposed). This reduces the need for new additional savings to £700k.

3.2.8

The following new actions are proposed. These include the following:

	Description	Potential value
1	Implement best practice approaches for delivery of care at home and re-ablement across all areas of Argyll and Bute following the successful pilot in Cowal where £94k of savings were made	£300k
2	Extend use of external homecare transferring hours from in-house provision to fill gaps as they occur	£33k
3	Step up/step down of care to be suspended with exceptional cases referred to Head of Service for authorisation	£227k
4	Cap on overtime with more effective use of bank staff, better rota planning and recruitment to vacancies	£87k
5	Reduction on travel (social work)	£25k
6	Planned changes in staffing replacing 3 x LGE 8s with LGE 6s	£28k
	<b>Total</b>	<b>£700k</b>

3.3

### Summary

In summary, recovery of the projected overspend of £2.8m is proposed as follows:

	Description	Potential value
--	-------------	-----------------

Health	Increased confidence in delivering already agreed savings	£800k
Social Work	Improvements in forecast identified in July 2019	£500k
Social Work	Increased confidence in delivering already agreed savings	£800k
Social Work	New savings proposed at 3.2.8 above	£700k
<b>Total</b>		<b>£2,800k</b>

#### **4. RELEVANT DATA AND INDICATORS**

- 4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

#### **5. CONTRIBUTION TO STRATEGIC PRIORITIES**

- 5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. This needs to be considered when options are developed to balance the budget.

#### **6. GOVERNANCE IMPLICATIONS**

- 6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019. A financial recovery plan is therefore required setting out how the forecast overspend will be addressed and returned to a breakeven position. This is provided by a separate report to the Quality and Finance Programme Board.
- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

- 6.3 Clinical Governance - None

#### **7. EQUALITY AND DIVERSITY IMPLICATIONS**

- 7.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.

#### **8. RISK ASSESSMENT**

- 8.1 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan.

#### **9. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

- 9.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

**10. CONCLUSIONS**

- 10.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.8m. A financial recovery plan to return the H&SCP to a breakeven position is presented to achieve this.

**11. DIRECTIONS**

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	



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**CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2019**

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**1 EXECUTIVE SUMMARY**

1.1 This provides an update on the position of the capital budget as at 30 June 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

**1.2 Financial Position:**

- **Current Year to Date** – actual net expenditure to date is £3,014k compared to a budget for the year to date of £3,125k giving rise to an underspend for the year to date of £111k (3.6%).
- **Forecast Outturn for 2019-20** – forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £226,246k compared to a total budget for all projects of £226,202k giving rise to a forecast overspend for the overall capital plan of £44K (0.02%).

**1.3 Project Delivery:**

- **Asset Sustainability** – Out of 122 projects there are 111 projects (91%) on track and 11 projects (9%) off track but recoverable.
- **Service Development** - Out of 23 projects there are 19 projects (83%) on track and 4 projects (17%) off track but recoverable.
- **Strategic Change** – Out of 34 projects there are 28 projects (82%) on track, 5 projects (15%) off track but recoverable and 1 projects (3%) off track.

1.4 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).

## 2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 30 June 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

### 2.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £3,014k compared to a budget for the year to date of £3,125k giving rise to an underspend for the year to date of £111k (3.6%).
- **Forecast Outturn for 2019-20** – forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £226,246k compared to a total budget for all projects of £226,202k giving rise to a forecast overspend for the overall capital plan of £44K (0.02%).

### 2.3 Project Delivery:

- **Asset Sustainability** – Out of 122 projects there are 111 projects (91%) on track and 11 projects (9%) off track but recoverable.
- **Service Development** - Out of 23 projects there are 19 projects (83%) on track and 4 projects (17%) off track but recoverable.
- **Strategic Change** – Out of 34 projects there are 28 projects (82%) on track, 5 projects (15%) off track but recoverable and 1 projects (3%) off track.

2.4 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).

## 3 RECOMMENDATIONS

3.1 Note the contents of this financial summary and approve the proposed changes to the capital plan detailed in Appendix 7.

## 4 CURRENT YEAR TO DATE FINANCIAL POSITION

### 4.1 Overall Position

Actual net expenditure to date is £3,630k compared to a budget for the year to date of £3,741k giving rise to an underspend for the year to date of £111k (3.0%).

### 4.2 Project/Department Position

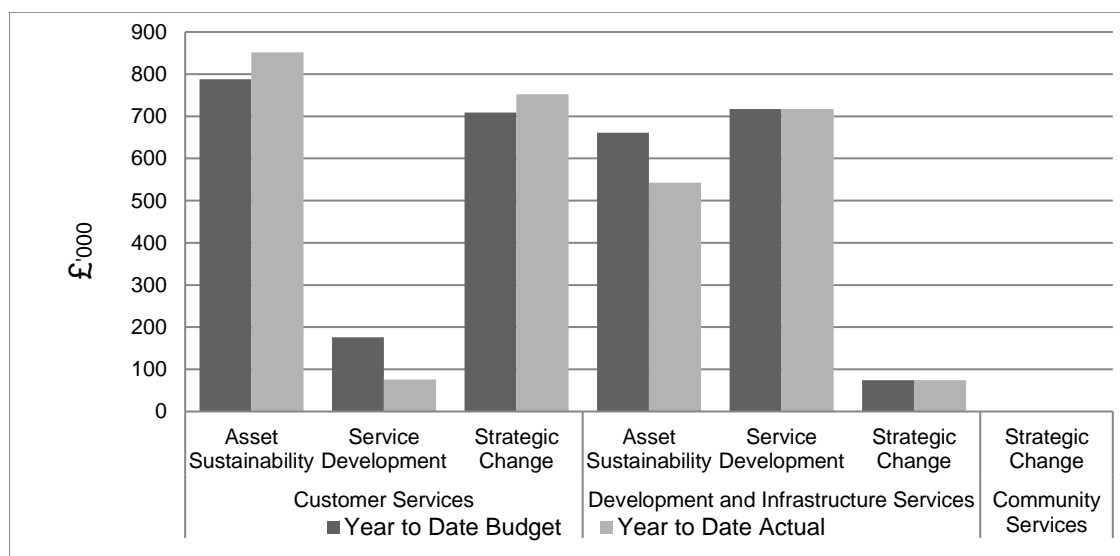
The table below shows the year to date net expenditure against the year to date budget by project type and department:

<b>Project Type:</b>	<b>Year to Date Budget £'000</b>	<b>Year to Date Actual £'000</b>	<b>Variance £'000</b>
Asset Sustainability	1,449	1,395	54
Service Development	893	793	100
Strategic Change	783	826	(43)
<b>Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</b>
<b>Department:</b>			
Customer Services	1,673	1,680	(7)
Development and Infrastructure Services	1,452	1,334	118
Community Services	0	0	0
<b>Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</b>

Material variances are explained in Appendix 1 and there are a number of small variances contributing to the year to date overspend.

### 4.3 Chart of YTD Variances

The graph below compares the year to date actual net expenditure against the year to date budget for departments by project type (Asset Sustainability, Service Development and Strategic Change):



## 5 FORECAST OUTTURN 2019-20

### 5.1 Overall Position

Forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).

### 5.2 Project/Department Position

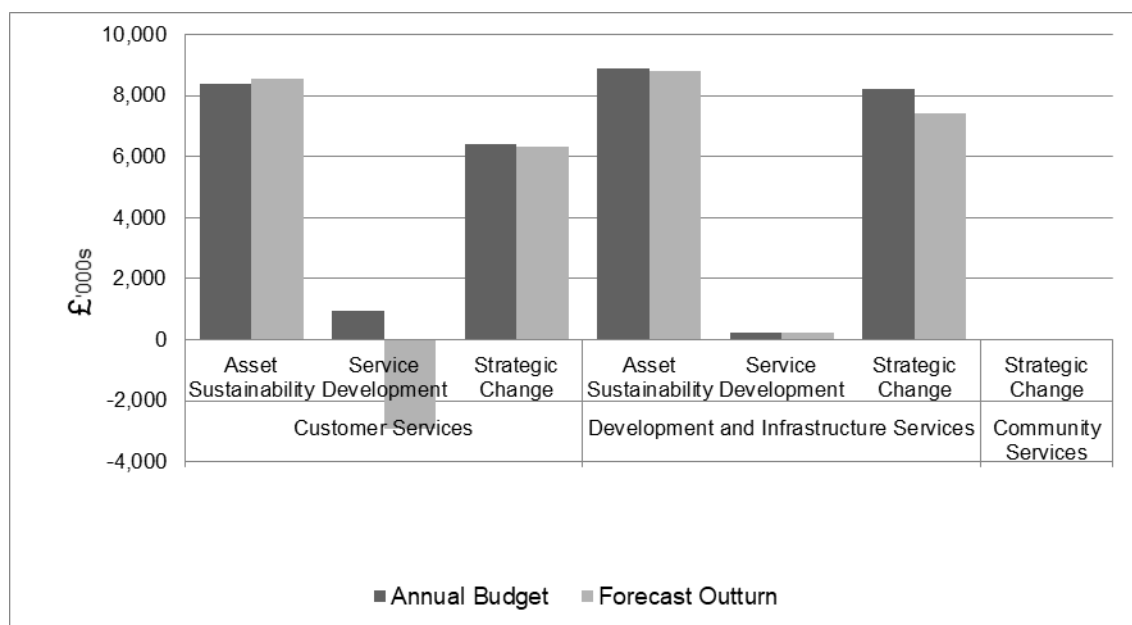
The table shows the forecast expenditure and budget for the year by project type and department:

<b>Project Type:</b>	<b>Annual Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
Asset Sustainability	17,267	17,377	(110)
Service Development	1,197	(2,699)	3,896
Strategic Change	14,664	13,720	944
<b>Total</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</b>
<b>Department:</b>			
Customer Services	15,763	11,944	3,819
Development and Infrastructure Services	17,365	16,454	911
Community Services	0	0	0
<b>Total</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</b>

Material variances are explained in Appendix 2 and there are a number of smaller variances contributing to the forecast overspend.

### 5.3 Chart of Forecast Outturn

The graph below shows the net forecast outturn position against the full year budget for departments by project type:



## 6 TOTAL PROJECT COSTS

### 6.1 Overall Position

The forecast total net project cost on the total capital plan is £296,404k compared to a total budget for all projects of £296,360k giving rise to a forecast overspend for the overall capital plan of £44k (0.01%).

### 6.2 Project/Department Position

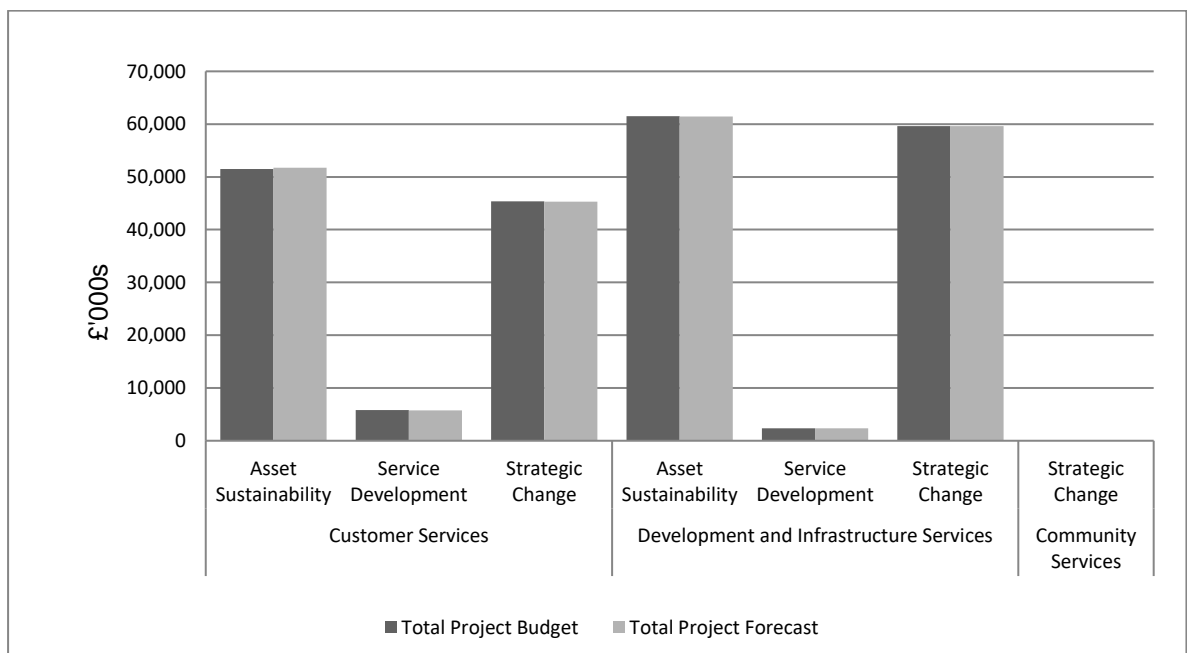
The table shows the forecast expenditure and budget for the total capital plan by project type and department:

<b>Project Type:</b>	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Capital Plan Variance £'000</b>
Asset Sustainability	112,980	113,216	(236)
Service Development	8,221	8,120	101
Strategic Change	105,001	104,910	91
<b>Total</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>
<b>Department:</b>			
Customer Services	102,729	102,776	(47)
Development and Infrastructure Services	123,473	123,470	3
Community Services	0	0	0
<b>Total</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>

Material variances are explained in Appendix 3 and there are a number of smaller variances leading to the forecast overspend.

### 6.3 Chart of Total Project Costs

The graph below shows the total net forecast position against full project budget for Departments by project type:



**7 TOTAL PROJECT PERFORMANCE**

**7.1 Overall Position**

There are 179 projects within the Capital Plan, 158 are Complete or On Target, 20 are Off Target and Recoverable, and 1 is Off Track.

**7.2 Project Position**

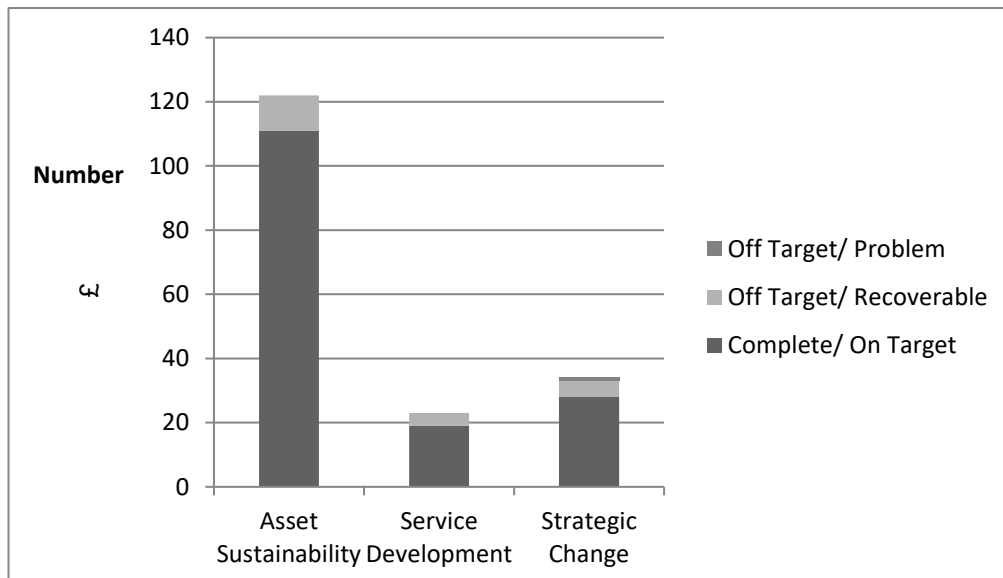
The table below shows the Performance Status of the Projects in the Capital Plan:

<b>Project Type:</b>	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	111	11	0	122
Service Development	19	4	0	23
Strategic Change	28	5	1	34
<b>Total</b>	<b>158</b>	<b>20</b>	<b>1</b>	<b>179</b>
<b>Department:</b>				
Customer Services	136	4	0	140
Development and Infrastructure Services	22	16	1	39
<b>Total</b>	<b>158</b>	<b>20</b>	<b>1</b>	<b>179</b>

Appendices 4, 5 and 6 show the Performance Status of the projects in further detail. Appendix 10 provides further information in relation to Strategic Change Projects.

**7.3 Chart of Performance Status**

The graph provides a view of the Performance Status of the Projects included in the Capital Plan:



**8 OFF TRACK PROJECTS**

- 8.1** The Off Track projects are noted in the table below and variance reports are included in Appendix 9.

<b>Project Type</b>	<b>Project</b>	<b>What is Off Track?</b>	<b>Explanation</b>
Strategic Change	CHORD Rothesay	Current Year Expenditure	Original cash flows unrepresentative of Works Programme and are being reviewed by new project manager.

**9 STRATEGIC CHANGE PROJECTS**

- 9.1** Appendix 10 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of the project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and if these are not green gives an explanation of the problem.

**10 CHANGES TO CAPITAL PLAN**

10.1 The table below shows proposed changes to the Capital Plan at summary level. Explanations relating to the specific projects involved can be seen in Appendix 7.

The updated capital plan incorporating these proposed changes can be found in Appendix 11.

Department	2019-20 £'000	2020-21 £'000	2021-22 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability	0	0	0	0	0	
Service Development	0	0	0	0	0	
<b>Customer &amp; Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(36)	36	0	0	0	Slippages
Service Development	(3,795)	3,795	0	0	0	Slippage
Strategic Change	0	0	0	0	0	
<b>Facility - Education</b>	<b>(3,831)</b>	<b>3,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(26)	26	0	0	0	Slippage
Service Development	0	0	0	0	0	
Strategic Change	0	0	0	0	0	
<b>Facility - Non Education</b>	<b>(26)</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(9)	9	0	0	0	Slippages
Service Development	0	0	0	0	0	
Strategic Change	0	0	0	0	0	Slippages
<b>Facility - Dunoon</b>	<b>(9)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(50)	50	0	0	0	Slippage
Service Development	0	0	0	0	0	Slippages
Strategic Change	(13)	13	(6,750)	6,750	0	Slippage
<b>Roads and Amenity Services</b>	<b>(63)</b>	<b>63</b>	<b>(6,750)</b>	<b>6,750</b>	<b>0</b>	
Service Development	0	0	0	0	0	
Strategic Change	(813)	466	130	217	0	Slippages
<b>Economic Development</b>	<b>(813)</b>	<b>466</b>	<b>130</b>	<b>217</b>	<b>0</b>	
<b>TOTAL</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>	<b>0</b>	

**11 CAPITAL RECEIPTS**

11.1 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).



12 APPENDICES

- **Appendix 1** – Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Project Performance - Asset Sustainability
- **Appendix 5** - Project Performance - Service Development
- **Appendix 6** - Project Performance - Strategic Change
- **Appendix 7** - Changes to Capital Plan and Financial Impact
- **Appendix 8** - Financial Summary – Overall
  - Financial Summary – DIS
  - Financial Summary – Customer Services
- **Appendix 9** - Off track project variance reports
- **Appendix 10** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 11** - Updated/Revised Capital Plan

**Kirsty Flanagan**  
**Head of Strategic Finance**

**Councillor Gary Mulvaney, Depute Council Leader – Policy Lead Strategic Finance and Capital Regeneration Projects**

<b>APPENDIX 1 – Year to Date Finance Variance Explanations</b>				
Listed below are the projects where the variance is +/- £50k.				
<b>Project</b>	<b>YTD Budget £'000</b>	<b>YTD Actual £'000</b>	<b>(Over)/ Under Variance £'000</b>	<b>Explanation</b>
Early Learning and Childcare	169	69	100	Extended brief development period has required expenditure to be re-profiled. Propose to slip to future years.
Mill Park Depot	0	92	(92)	Additional expenditure anticipated to be covered by insurance claim
Variances Less than £50k			103	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>111</b>	

<b>APPENDIX 2 – Forecast Outturn Variance Explanations</b>				
Listed below are the projects where the variance is +/- £50k.				
<b>Project</b>	<b>Annual Budget £'000</b>	<b>Outturn £'000</b>	<b>(Over)/Under Forecast Variance £'000</b>	<b>Explanation</b>
School Houses - Housing Quality Standard	67	0	67	Not required, funding to be vired to other projects as per Appendix 7.
Early Learning and Childcare	4,339	544	3,795	Budget to be slipped into 20-21. Extended brief development period has required expenditure to be re-profiled
Mill Park Depot	(199)	92	(291)	Additional expenditure anticipated to be covered by insurance claim
Carbon Management - Group Heating Conversion Project (PB)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines during the year.
Flood Prevention	200	150	50	Size of project will not be able to be completed this financial year - budget to be slipped into 20-21 to fund the rollover.
TIF - North Pier Extension	346	10	336	Discussion pending on how project will be progressed.
Lochgilphead CARS	200	50	150	New funding agreed in February 2019 – part of budget to be slipped into future years.
Helensburgh CARS	327	0	327	New funding agreed in February 2019 – part of budget to be slipped into future years.
Other Variances			228	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>4,730</b>	

### APPENDIX 3 – Total Project Finance Variances

Listed below are the projects where the variance is +/- £50k.

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Millpark Depot	73	272	(199)	Additional expenditure anticipated to be covered by insurance claim
School Houses - Housing Quality Standard	67	0	67	Not required, funding to be vired to other projects.
Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines.
Other Variances			20	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(44)</b>	

## APPENDIX 4 – Asset Sustainability Project Performance

There are 122 Projects recognised as Asset Sustainability Projects, 111 are Complete or On Target and 11 are Off Target and Recoverable.

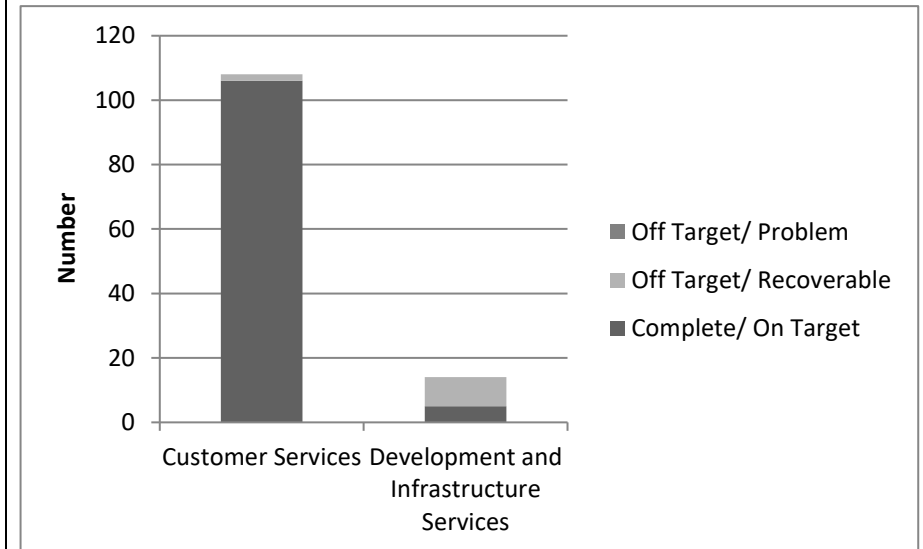
### Department Position:

The table below shows the Performance Status of the Asset Sustainability Projects.

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	106	2	0	108
Development and Infrastructure Services	5	9	0	14
<b>Total</b>	<b>111</b>	<b>11</b>	<b>0</b>	<b>122</b>

### Chart of Asset Sustainability Performance Status

The graph provides a view of the Performance Status of the Asset Sustainability Projects:



## APPENDIX 5 – Service Development Project Performance

There are 24 Projects recognised as Service Development Projects, 19 are Complete or On Target, 4 are Off Target and Recoverable and 1 is Off Target.

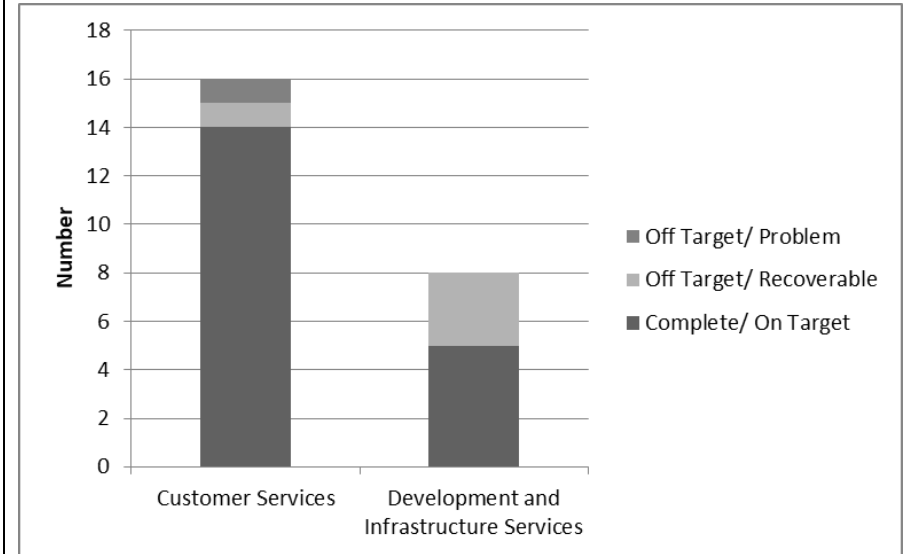
### Department Position:

The table below shows the Performance Status of the Service Development Projects.

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	14	1	1	16
Development and Infrastructure Services	5	3	0	8
<b>Total</b>	<b>19</b>	<b>4</b>	<b>1</b>	<b>24</b>

### Chart of Service Development Performance Status

The graph provides a view of the Performance Status of the Service Development Projects:



## APPENDIX 6 – Strategic Change Project Performance

There are 34 Projects recognised as Strategic Change Projects. 28 are Complete or On Target, 5 are Off Target and Recoverable and 1 is Off Track.

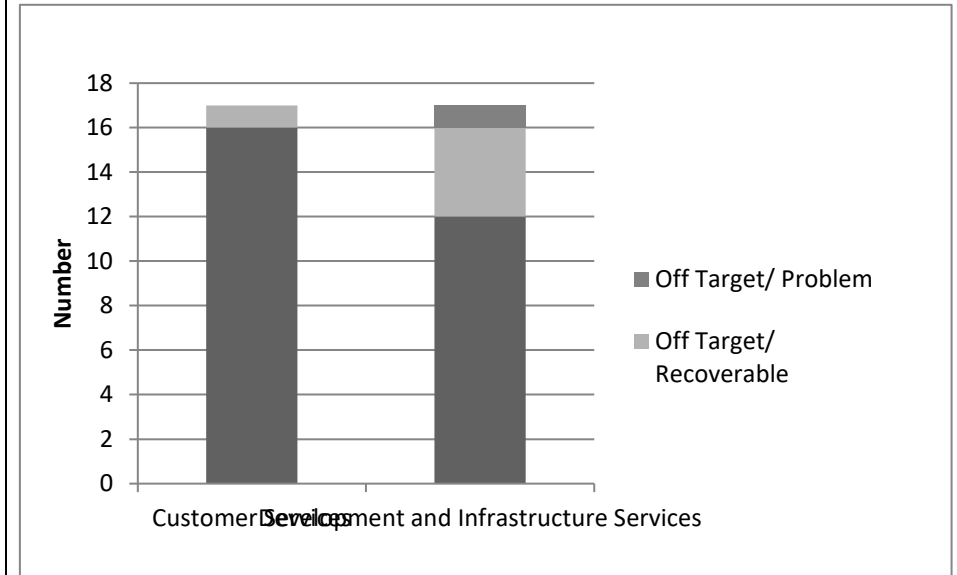
### Department Position:

The table below shows the Performance Status of the Strategic Change Projects.

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	16	1	0	17
Development and Infrastructure Services	12	4	1	17
<b>Total</b>	<b>28</b>	<b>5</b>	<b>1</b>	<b>34</b>

### Chart of Strategic Change Performance Status

The graph provides a view of the Performance Status of the Strategic Change Projects:



**APPENDIX 7 – Changes to Capital Plan and Financial Impact**

**OVERALL COST CHANGES**

<b>Project</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>Future Years £'000</b>	<b>Total Capital Plan £'000</b>	<b>Recommendation</b>	<b>Explanation</b>
Colgrain Primary School - Internal Upgrade	24					Vire £24k from Capital Property Works	To meet additional cost pressures
Dervaig Primary School - Electrical Upgrade	3					Vire £3k from Capital Property Works	To meet additional cost pressures
Drumlemble Primary School - Roofing Upgrade	15					Vire £15k from Capital Property Works	To meet additional cost pressures
Furnace Primary School - Roofing and Internal Upgrade	12					Vire £12k from Capital Property Works	To meet additional cost pressures
Hermitage Primary School	1					Vire £1k from Capital Property Works	To meet additional cost pressures
Kilchrenan Primary School	1					Vire £1k from Capital Property Works	To meet additional cost pressures
Kilmodan Primary School	6					Vire £6k from Capital Property Works	To meet additional cost pressures
Rhunahaorine Primary School	29					Vire £29k from Capital Property Works	To meet additional cost pressures
Roseneath Primary School	4					Vire £4k from Capital Property Works	To meet additional cost pressures
Ferry Houses - Housing Quality Standard	4					Vire £4k from Capital Property Works	To meet additional cost pressures
Property Works - Contingency	10					Vire £10k from Capital Property Works	To meet additional cost pressures
Capital Property Works	(109)					Vire £109k to projects stated above	To meet additional cost pressures
Capital Property Works	67					Vire £67k from School Houses Housing Quality Standard	To meet additional cost pressures
Capital Property Works	37					Vire £37k from Homeless Houses Housing Quality Standard	To meet additional cost pressures
School Houses - Housing Quality Standard	(67)					Vire £67k to Capital Property Works	To meet additional cost pressures

Homeless Houses - Housing Quality Standard	(37)					Vire £37k to Capital Property Works	To meet additional cost pressures
Ramsay Memorial Hall	1					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Lochgilphead Community Ed Centre	1					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Community Centres General - Options Appraisal	5					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Mossfield Grandstand - Upgrade	9					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Victoria Halls, Helensburgh	(16)					Vire £16k to projects stated above	To meet additional cost pressures. This was budget rolled forward from a 2018/19 underspend.
Willowview, Oban - Fire alarm upgrade	2					Vire £2k from Capital Property Works	To meet additional cost pressures
Capital Property Works	(2)					Vire £2k to Willowview Fire Alarm	To meet additional cost pressures
Oban Municipal Buildings	3					Vire £3k from Block Allocation	To meet additional cost pressures
Block Allocation	(3)					Vire £3k to Oban Municipal Buildings	To meet additional cost pressures
<b>Total Cost Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

<b>SLIPPAGES AND ACCELERATIONS</b>							
<b>Project</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>Future Years £'000</b>	<b>Total Capital Plan £'000</b>	<b>Recommendation</b>	<b>Explanation</b>
Arinagour Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Arrochar Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Dalintober Primary School	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.



Islay High School	(6)	6				Slip budget into 20-21	Final payment after defects period will be next financial year.
Lochnell Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Parklands School	(9)	9				Slip budget into 20-21	Final payment after defects period will be next financial year.
Port Ellen Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
St Mun's Primary School	(8)	8				Slip budget into 20-21	Final payment after defects period will be next financial year.
Toward Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Early Learning and Childcare	(3,795)	3,795				Slip budget into 20-21	Extended brief development period has required expenditure to be re-profiled
Campbeltown Museum - Burnet Bldg	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Rothesay Swimming Pool	(13)	13				Slip budget into 20-21	Final payment after defects period will be next financial year.
Victoria Halls, Helensburgh	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Capital Property Works – C&C	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Campbeltown Community Centre - Fire Alarm and Door Upgrade	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Eadar Glinn	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Thomson Home Rothesay	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Burnett Building	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Castle House, Dunoon	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Dunoon Office Rationalisation	(7)	7				Slip budget into 20-21	Final payment after defects period will be next financial year.

Flood Prevention	(50)	50				Slip budget into 20-21	To reflect timing of work
Campbeltown Flood Scheme	(13)	13				Slip budget into 20-21	To reflect timing of work
Harbour Investment Programme	0	0	(6,750)	6,750		Slip budget into 20-21	To reflect timing of work. Forecasts and budgets will continue to be reviewed on the basis of progress made with designs/works carried out to date and designs/works needed/planned for the future.
TIF - North Pier Extension	(336)	336				Slip budget into 20-21	Discussion pending on how project will be progressed.
Lochgilphead CARS	(150)	50	50	50		Slip budget into future years	
Helensburgh CARS	(327)	80	80	167		Slip budget into future years	
<b>Total Slippages and Accelerations</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>			
<b>Net Impact of Changes</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>	<b>0</b>		

FINANCIAL SUMMARY - NET EXPENDITURE

30 June 2019

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Area Committee Expenditure - Asset Sustainability</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>69</b>	<b>25</b>	<b>44</b>
<b>Asset Sustainability Projects</b>									
Customer Services	744	852	(108)	8,339	8,566	(227)	51,543	51,841	(298)
Development & Infrastructure Services	567	567	0	13,555	13,486	69	71,779	71,760	19
<b>Asset Sustainability Total</b>	<b>1,311</b>	<b>1,419</b>	<b>(108)</b>	<b>21,894</b>	<b>22,052</b>	<b>(158)</b>	<b>123,322</b>	<b>123,601</b>	<b>(279)</b>
<b>Service Development Projects</b>									
Customer Services	176	76	100	5,248	1,352	3,896	13,240	13,139	101
Development & Infrastructure Services	549	549	0	721	1,222	(501)	7,417	7,918	(501)
<b>Service Development Total</b>	<b>725</b>	<b>625</b>	<b>100</b>	<b>5,969</b>	<b>2,574</b>	<b>3,395</b>	<b>20,657</b>	<b>21,057</b>	<b>(400)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	0	0	271	271	0	1,970	1,970	0
Dunoon Primary	708	708	0	2,629	2,629	0	10,784	10,784	0
Replacement of Oban High	1	0	1	304	304	0	3,350	3,350	0
Kim Primary School	0	0	0	301	301	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	2,016	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	43	(43)	338	338	0	11,838	11,838	0
Rothesay Office Rationalisation	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	2,000	0
Campbeltown Flood Scheme	22	22	0	422	409	13	793	793	0
Street Lighting LED Replacement	19	19	0	1,200	1,200	0	3,900	3,900	0
Harbour Investment Programme	616	616	0	4,627	4,627	0	74,785	74,785	0
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)
CHORD - Dunoon	0	0	0	284	284	0	12,522	12,522	0
CHORD - Oban	0	0	0	828	828	0	7,957	7,957	0
CHORD - Rothesay	649	649	0	5,741	5,741	0	13,845	13,845	0
Helensburgh Waterfront Development	73	73	0	2,587	2,560	27	19,511	19,511	0
TIF - Lorn/Kirk Road	127	127	0	211	211	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	346	10	336	560	560	0
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0
OBC for Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	166	166	0	500	500	0
Rothesay THI	0	0	0	66	66	0	200	200	0
Lochgilphead CARS	0	0	0	200	50	150	200	200	0
Helensburgh CARS	0	0	0	327	0	327	327	327	0
Glengorm Wind Turbine	0	0	0	22	22	0	437	437	0
<b>Strategic Change Total</b>	<b>2,217</b>	<b>2,260</b>	<b>(43)</b>	<b>24,329</b>	<b>23,385</b>	<b>944</b>	<b>194,234</b>	<b>194,143</b>	<b>91</b>
<b>Total Expenditure</b>	<b>4,297</b>	<b>4,304</b>	<b>(7)</b>	<b>52,236</b>	<b>48,011</b>	<b>4,225</b>	<b>338,282</b>	<b>338,826</b>	<b>(544)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Customer Services	0	0	0	0	0	0	(118)	(118)	0
Development & Infrastructure Services	94	(24)	118	(4,671)	(4,675)	4	(10,293)	(10,292)	(1)
<b>Asset Sustainability Total</b>	<b>94</b>	<b>(24)</b>	<b>118</b>	<b>(4,671)</b>	<b>(4,675)</b>	<b>4</b>	<b>(10,411)</b>	<b>(10,410)</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Customer Services	0	0	0	(4,295)	(4,295)	0	(7,397)	(7,397)	0
Development & Infrastructure Services	168	168	0	(477)	(978)	501	(5,039)	(5,540)	501
<b>Service Development Total</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>-4,772</b>	<b>-5,273</b>	<b>501</b>	<b>-12,436</b>	<b>-12,937</b>	<b>501</b>
<b>Strategic Change Projects</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Harbour PB	(616)	(616)	0	(4,627)	(4,627)	0	(74,785)	(74,785)	0
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(305)	(305)	0	(1,305)	(1,305)	0
CHORD - Rothesay	(607)	(607)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Glengorm Wind Turbine	0	0	0	0	0	0	0	0	0
TIF	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0
<b>Strategic Change Total</b>	<b>(1,434)</b>	<b>(1,434)</b>	<b>0</b>	<b>(9,665)</b>	<b>(9,665)</b>	<b>0</b>	<b>(89,233)</b>	<b>(89,233)</b>	<b>0</b>
<b>Total Income</b>	<b>(1,172)</b>	<b>(1,290)</b>	<b>118</b>	<b>(19,108)</b>	<b>(19,613)</b>	<b>505</b>	<b>(112,080)</b>	<b>(112,580)</b>	<b>500</b>
<b>Net Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>

FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

30 June 2019

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Asset Sustainability Projects</b>									
Flood Prevention	2	2	0	200	150	50	688	688	0
Bridge Strengthening	9	9	0	369	369	0	3,092	3,092	0
Roads Reconstruction	530	530	0	8,832	8,832	0	46,286	46,286	0
Lighting	0	0	0	307	307	0	1,703	1,703	0
Furnace Coastal Protection	0	0	0	19	0	19	144	125	19
Fleet	(17)	(17)	0	2,310	2,310	0	4,892	4,892	0
Footpath Improvements	0	0	0	348	348	0	1,000	1,000	0
Environmental	21	21	0	553	553	0	985	985	0
Waste	0	0	0	95	95	0	200	200	0
Recreation and Sport	22	22	0	26	26	0	346	346	0
Crematoria and Burial Grounds	0	0	0	10	10	0	50	50	0
Castle Lodge, Dunoon - Building Works	0	0	0	0	0	0	160	160	0
EV Quick Chargers	0	0	0	486	486	0	1,003	1,003	0
<b>Asset Sustainability Total</b>	<b>567</b>	<b>567</b>	<b>0</b>	<b>13,555</b>	<b>13,486</b>	<b>69</b>	<b>71,779</b>	<b>71,760</b>	<b>19</b>
<b>Service Development Projects</b>									
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0
Campbeltown Old Quay	1	1	0	45	45	0	1,424	1,424	0
Helensburgh Cycleways	11	11	0	100	100	0	2,426	2,426	0
Safe Streets, Walking and Cycling	532	532	0	260	761	(501)	1,338	1,839	(501)
SPFT	5	5	0	100	100	0	1,500	1,500	0
Fire Engines	0	0	0	0	0	0	108	108	0
Kilmartin House	0	0	0	200	200	0	400	400	0
<b>Service Development Total</b>	<b>549</b>	<b>549</b>	<b>0</b>	<b>721</b>	<b>1,222</b>	<b>(501)</b>	<b>7,417</b>	<b>7,918</b>	<b>(501)</b>
<b>Strategic Change Projects</b>									
Campbeltown Flood Scheme	22	22	0	422	409	13	793	793	0
Street Lighting LED Replacement	19	19	0	1,200	1,200	0	3,900	3,900	0
Harbour Investment Programme	616	616	0	4,627	4,627	0	74,785	74,785	0
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)
CHORD - Dunoon	0	0	0	284	284	0	12,522	12,522	0
CHORD - Oban	0	0	0	828	828	0	7,957	7,957	0
CHORD - Rothesay	649	649	0	5,741	5,741	0	13,845	13,845	0
Helensburgh Waterfront Development	73	73	0	2,587	2,560	27	19,511	19,511	0
TIF - Lorn/Kirk Road	127	127	0	211	211	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	346	10	336	560	560	0
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0
OBC For Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	166	166	0	500	500	0
Rothesay THI	0	0	0	66	66	0	200	200	0
Lochgilthead CARS	0	0	0	200	50	150	200	200	0
Helensburgh CARS	0	0	0	327	0	327	327	327	0
Glengorm Wind Turbine	0	0	0	22	22	0	437	437	0
<b>Strategic Change Total</b>	<b>1,508</b>	<b>1,508</b>	<b>0</b>	<b>17,902</b>	<b>17,064</b>	<b>838</b>	<b>148,356</b>	<b>148,371</b>	<b>(15)</b>
<b>Total Expenditure</b>	<b>2,624</b>	<b>2,624</b>	<b>0</b>	<b>32,178</b>	<b>31,772</b>	<b>406</b>	<b>227,552</b>	<b>228,049</b>	<b>(497)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Roads Reconstruction	0	-20	20	-1,875	-1,875	0	(4,002)	(4,002)	0
Fleet Management - Prudential Borrowing	17	0	17	(2,310)	(2,310)	0	(4,861)	(4,861)	0
Environmental Projects	0	0	0	0	0	0	(9)	(4)	(5)
EV Quick Chargers	77	0	77	(486)	(486)	0	(1,003)	(1,003)	0
Fleet	0	(4)	4	0	(4)	4	(418)	(422)	4
<b>Asset Sustainability Total</b>	<b>94</b>	<b>(24)</b>	<b>118</b>	<b>(4,671)</b>	<b>(4,675)</b>	<b>4</b>	<b>(10,293)</b>	<b>(10,292)</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Helensburgh Cycleways	0	0	0	(100)	(100)	0	(2,544)	(2,544)	0
Safe Streets, Walking and Cycling	168	168	0	(277)	(778)	501	(943)	(1,444)	501
SPFT	0	0	0	(100)	(100)	0	(1,343)	(1,343)	0
Fire Engines	0	0	0	0	0	0	(108)	(108)	0
CWSS - Footway Letter Dail	0	0	0	0	0	0	(101)	(101)	0
<b>Service Development Total</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>(477)</b>	<b>(978)</b>	<b>501</b>	<b>(5,039)</b>	<b>(5,540)</b>	<b>501</b>
<b>Strategic Change Projects</b>									
Harbour PB	(616)	(616)	0	(4,627)	(4,627)	0	(74,785)	(74,785)	0
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(305)	(305)	0	(1,305)	(1,305)	0
CHORD - Rothesay	(607)	(607)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0
Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
01 TIF - Lorn/Kirk Road	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0
<b>Strategic Change Total</b>	<b>(1,434)</b>	<b>(1,434)</b>	<b>0</b>	<b>(9,665)</b>	<b>(9,665)</b>	<b>0</b>	<b>(88,747)</b>	<b>(88,747)</b>	<b>0</b>
<b>Total Income</b>	<b>(1,172)</b>	<b>(1,290)</b>	<b>118</b>	<b>(14,813)</b>	<b>(15,318)</b>	<b>505</b>	<b>(104,079)</b>	<b>(104,579)</b>	<b>500</b>
<b>Net Departmental Total</b>	<b>1,452</b>	<b>1,334</b>	<b>118</b>	<b>17,365</b>	<b>16,454</b>	<b>911</b>	<b>123,473</b>	<b>123,470</b>	<b>3</b>

REPORT							Appendix 8	
FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES							30 June 2019	
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs	
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Forecast £000s	Variance £000s
<b>EXPENDITURE</b>								
<b>Area Committees - Asset Sustainability</b>	44	0	44	44	0	44	25	44
<b>Asset Sustainability</b>								
Education	257	267	(10)	3,472	3,437	35	27,894	(1)
Community and Culture	41	47	(6)	880	866	14	4,056	(6)
Adult Care	0	0	0	660	654	6	2,462	0
Children and Families	0	0	0	357	357	0	1,717	0
Facility Services	260	352	(92)	2,106	2,388	(282)	5,649	(291)
Customer and Support Services	186	186	0	864	864	0	10,063	0
<b>Asset Sustainability Total</b>	<b>744</b>	<b>852</b>	<b>(108)</b>	<b>8,339</b>	<b>8,566</b>	<b>(227)</b>	<b>51,841</b>	<b>(298)</b>
<b>Service Development Projects</b>								
Applications Projects	(1)	(1)	0	45	45	0	1,350	0
Bowmore Primary School - Pre 5 Unit	0	0	0	(3)	1	(4)	32	(4)
Clyde Cottage - 600 hour provision	0	0	0	40	0	40	465	40
Craignish Primary School - Pre 5 Extension	0	0	0	35	0	35	382	35
Iona Primary School - Pre 5 Unit	0	0	0	40	0	40	434	40
Islay High and Rosneath Primary School Pitches	8	8	0	670	670	0	700	0
Lochgailhead Primary School - Pre 5 Unit	0	0	0	23	0	23	365	23
Park Primary Extension/Pre Fives Unit	0	0	0	5	0	5	341	5
Tarbert High School - Biomass enabling work	0	0	0	20	0	20	0	20
Sandbank Gaelic Pre Five Unit	0	0	0	(27)	13	(40)	504	(40)
Bunnessan Primary School - Gaelic Medium Improvements	0	0	0	5	23	(18)	48	(18)
Early Learning and Childcare	169	69	100	4,339	544	3,795	5,986	0
Riverside Leisure Centre Refurbishment	0	0	0	0	0	0	1,232	0
Dunclutha Childrens Home	0	0	0	56	56	0	1,300	0
<b>Service Development Total</b>	<b>176</b>	<b>76</b>	<b>100</b>	<b>5,248</b>	<b>1,352</b>	<b>3,896</b>	<b>13,139</b>	<b>101</b>
<b>Strategic Change Projects</b>								
Campbeltown Schools Redevelopment	0	0	0	271	271	0	1,970	0
Dunoon Primary	708	708	0	2,629	2,629	0	10,784	0
Replacement of Oban High	1	1	0	304	304	0	3,350	0
Kirn Primary School	0	0	0	301	301	0	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	0
Helensburgh Office Rationalisation	0	43	(43)	338	338	0	11,838	0
Rothesay Office Rationalisation	0	0	0	10	10	0	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	0
<b>Strategic Change Total</b>	<b>709</b>	<b>752</b>	<b>(43)</b>	<b>6,427</b>	<b>6,321</b>	<b>106</b>	<b>45,772</b>	<b>106</b>
<b>Total Expenditure</b>	<b>1,673</b>	<b>1,680</b>	<b>(7)</b>	<b>20,058</b>	<b>16,239</b>	<b>3,819</b>	<b>110,777</b>	<b>(47)</b>
<b>INCOME</b>								
<b>Asset Sustainability</b>								
Facility Services	0	0	0	0	0	0	(60)	0
Community and Culture	0	0	0	0	0	0	(58)	0
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118)</b>	<b>0</b>
<b>Service Development Projects</b>								
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(478)	0
Bunnessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(494)	0
Early Years 1140 Hours	0	0	0	(4,295)	(4,295)	0	(6,395)	0
<b>Service Development Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,295)</b>	<b>(4,295)</b>	<b>0</b>	<b>(7,397)</b>	<b>0</b>
<b>Strategic Change</b>								
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	0
<b>Strategic Change Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(486)</b>	<b>0</b>
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,295)</b>	<b>(4,295)</b>	<b>0</b>	<b>(8,001)</b>	<b>0</b>
<b>Net Departmental Total</b>	<b>1,673</b>	<b>1,680</b>	<b>(7)</b>	<b>15,763</b>	<b>11,944</b>	<b>3,819</b>	<b>102,776</b>	<b>(47)</b>

## OFF TRACK PROJECT

Appendix 9

**Department:** Development and Infrastructure Services

**Project Name:** Rothesay Pavilion

**First Added to Capital Plan:** March 2015

**Project Manager:** Jonathan M Miles

**How is this project funded?** 1. A&BC: £5,689,000 (inc. RPC Underwriting £268, 243); 2. HLF: £4,187,500 3. HLF Volunteer Time £50,900 4. ERDF: £1,055,602 5. HIE: £750,000. 6. HES: £750,000; 7. RCGF: £625,000; 8. CCF: £600,000 9. West Coast Foundation (Johnny Bute) £116,957 10. Scottish Landfill Communities Fund: £20,000.  
**Total Approved Budget: £13,844,959.**

### Why is the project classified as off target?

Variances exist within the individual elements of the project as follows:

1. CHORD – Rothesay Pavilion – YTD 19/20 Actual = £35k against Budget -£142k. Variance = £177k
2. CHORD – Rothesay Pavilion Construction Contract - YTD19/20 Actual = £614k against Budget £1,070k. Variance = £456k

Furthermore, it should be noted there are advance time and cost warnings associated with the requirement to remove and reinstate the Main Hall Ceiling due to the condition of a sprayed Asbestos surface coating. These unforeseen works are likely to result in the construction budget being overspend and commissions will need to be extended to circa end January 2020 (estimate completion).

### What has caused the issue outlined above?

The project is being funded by a number of organisations, including the nine noted above. Each funding organisation is funding specific elements of the project, including: construction works; project management and administration thereof; heritage activities; business start-up costs etc. In respect of the drawdown of their funding it is either against project milestones; calendar milestones (e.g. quarterly); or for example 50% at start-up, 25% mid-point, and 25% at practical completion.

As a number of the funders may be funding the same cost heading, but to different intervention rates and drawdowns, the allocation of costs against the individual elements of the project have been reviewed and revised to provide a more efficient and consistent cost reporting process.

Regarding the Main Hall Ceiling asbestos removal works, this was unforeseen and due in part to the deterioration in the asbestos surface coating over its 80 year life, and the period the building has been closed, without heating and increased moisture levels. Detailed inspections and tests discovered the presence of a sprayed asbestos coating in poor condition, with parts having come away from the original plaster substrate. The decision was taken to remove the ceiling to safe guard the future occupants and sustainability of the building.

**What action will be taken to rectify this issue?**

Adverse variances will be flagged to Strategic Finance as early as possible. A more in depth working relationship with colleagues in Strategic Finance has been developed with monthly reviews.

Regarding the asbestos, delays and costs associated with the additional asbestos removal works and ceiling reinstatement to the main hall perimeter ceiling are currently being quantified. The Project Manager is working with the Design Team to finalise the estimated costs for the Main Hall Asbestos removal and reinstatement works.

**What are the implications of the action proposed?**

The total project budget is balanced overall. With a realignment of the allocation of budgets to the individual elements of the projects this will re-balance the individual headings across the project.

Due to the complex nature of this project with multiple funding partners a Project Management Performance monitoring system has been developed. As previously reported this has involved the input of over 500 individual transactions and will improve the accuracy of the monitoring, reporting and forecasting of period and cumulative actuals, inputting of forecasts both period and full project including tracking accuracy against actuals. The end result should be an improvement of the forecast inputs to the Strategic Financial returns.

Regarding the asbestos removal there will be cost increases and programme delay. The contractors projected expenditure profile will require to be adjusted to match a revised completion date which is subject to confirmation, but estimated for end January 2020.

Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
Campbeltown Schools Redevelopment	1,649	271	50	1,970	1,970	16/02/2012	30/11/2018	Green	
Dunoon Primary	7,170	2,629	985	10,784	10,784	18/12/2014	30/04/2020	Green	
Replacement of Oban High	2,496	304	550	3,350	3,350	24/04/2014	31/01/2019	Green	
Kirn Primary School	9,878	301	0	10,179	10,179	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	14	36	0	50	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	944	26/06/2014	31/03/2019	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	488	20/03/2014	31/03/2019	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2022	Green	
Carbon Management - Group Heating Conversion Project	1,938	10	0	1,948	2,016	01/02/2016	31/03/2019	Green	
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	31/03/2019	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2019	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2019	Green	
Helensburgh Office Rationalisation	11,500	338	0	11,838	11,838	25/04/2013	31/03/2019	Amber	CPC Issued 3rd July. Final costs still to be established - Final expenditure now anticipated 19/20.
Tiree Shared Offices	0	0	0	0	0	01/02/2013	TBC	Green	
Rothsay Office Rationalisation	0	10	0	10	10	01/09/2018	31/03/2019	Green	
Asset Management Fund	0	2,000	0	2,000	2,000	2018/19	2019/20	Green	
Campbeltown Flood Scheme	181	409	203	793	793	01/08/2016	31/03/2023	Amber	Scottish Government funding now shown will allow project to move forward to more detailed investigation stage during 2019.
Street Lighting LED Replacement	2,700	1,200	0	3,900	3,900	01/08/2016	31/03/2020	Green	
Harbour Investment Programme	1,802	4,627	68,356	74,785	74,785	01/04/2017	31/03/2028	Green	The 10 year Marine Asset Management Plan received its biennial update in February 2019 and revised figures are reflected in the forecast.
CHORD - Helensburgh	6,483	747	0	7,230	7,229	29/09/2011	30/04/2015	Green	
CHORD - Dunoon	12,238	284	0	12,522	12,522	03/02/2012	09/03/2018	Amber	Considered as part of budget setting process.
CHORD - Oban	7,129	828	0	7,957	7,957	27/10/2016	31/03/2020	Green	
CHORD - Rothsay	8,104	5,741	0	13,845	13,845	01/04/2015	31/03/2020	Red	See off track variance report in Appendix 9.
Helensburgh Waterfront Development	1,387	2,560	15,564	19,511	19,511	01/04/2017	30/09/2020	Amber	
TIF - Lorn/Kirk Road	1,959	211	0	2,170	2,170	22/01/2015	31/03/2019	Amber	Variance due to timing difference between expenditure and Housing Investment Fund Grant being received.
TIF - North Pier Extension	214	10	336	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	447	143	0	590	590	22/01/2015	31/12/2017	Green	
OBC for Dunoon Pier	2,844	0	0	2,844	2,830	03/02/2012	26/02/2016	Green	
Dunoon CARS	0	166	334	500	500	01/04/2017	31/03/2022	Green	
Rothsay THI	0	66	134	200	200	2017/18	31/03/2019	Green	
Lochgilphead CARS	0	50	150	200	200	01/04/2019	31/03/2024	Green	
Helensburgh CARS	0	0	327	327	327	01/04/2020	31/03/2025	Green	
Glengorm Wind Turbine	415	22	0	437	437	28/04/2016	30/11/2016	Green	
<b>Strategic Change Total</b>	<b>83,769</b>	<b>23,385</b>	<b>86,989</b>	<b>194,143</b>	<b>194,234</b>				
<b>DISStrategic Change Total</b>	<b>45,903</b>	<b>17,064</b>	<b>85,404</b>	<b>148,371</b>	<b>148,356</b>				

## Project Risk Classifications:

Green - Risks can be managed and are viewed as stable or reducing.

Amber - Risks are increasing but are still manageable.

Red - Risks are increasing or have increased to such an extent they may affect delivery of the project.



CAPITAL PLAN 2019-20  
SUMMARY

APPENDIX 11

Department	Head of Service	Previous Years £000s	2019-20 £000's	2020-21 £000s	2021-22 £000's	Future Years £000s	Total £000s
Health and Social Care Partnership	Adult Care	1,802	654	6	0	0	2,462
	Children and Families	1,482	413	561	561	0	3,017
<b>Health and Social Care Partnership Total</b>		<b>3,284</b>	<b>1,067</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>5,479</b>
Education	Education	43,918	8,293	8,403	2,920	0	63,534
<b>Education Total</b>		<b>43,918</b>	<b>8,293</b>	<b>8,403</b>	<b>2,920</b>	<b>0</b>	<b>63,534</b>
Customer Services	Customer and Support Services	8,482	909	1,011	1,011	0	11,413
	Facility Services	18,805	5,027	579	561	0	24,972
<b>Customer Services Total</b>		<b>27,287</b>	<b>5,936</b>	<b>1,590</b>	<b>1,572</b>	<b>0</b>	<b>36,385</b>
Development and Infrastructure	Economic Development	46,132	11,500	16,437	364	0	74,650
	Roads and Amenity Services	51,203	19,802	13,051	10,815	52,581	152,902
<b>Development and Infrastructure Total</b>		<b>97,335</b>	<b>31,302</b>	<b>29,488</b>	<b>11,179</b>	<b>52,581</b>	<b>227,552</b>
Live Argyll	Live Argyll	3,288	896	587	561	0	5,332
<b>Live Argyll Total</b>		<b>3,288</b>	<b>896</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>5,332</b>
<b>Grand Total</b>		<b>175,112</b>	<b>47,494</b>	<b>40,635</b>	<b>16,793</b>	<b>52,581</b>	<b>338,282</b>

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total	
			Years £000's	£000's	£000's	£000's	Years £000s	£000s	
Asset Sustainability	Adult Care	Ardfenaig	7	13	0	0	0	20	
		Block Allocation	0	250	0	0	0	250	
		Digitalising telecare	0	100	0	0	0	100	
		Eadar Glinn	248	65	3	0	0	316	
		Health and Safety	1,053	52	0	0	0	1,105	
		Legionella Control Works	15	5	0	0	0	20	
		Lochgilphead Resource Centre	184	40	0	0	0	224	
		Lorn Resource Centre	78	7	0	0	0	85	
		Struan Lodge Boiler	25	15	0	0	0	40	
		Thomson Home Rothesay	192	107	3	0	0	302	
	Adult Care Total			1,802	654	6	0	0	2,462
	Children and Families	Capital Property Works	2	301	561	561	0	1,425	
		Glencruitten Hostel	188	3	0	0	0	191	
		Health and Safety	23	20	0	0	0	43	
Shellach View		23	33	0	0	0	56		
Willowview, Oban - Fire alarm upgrade		2	0	0	0	0	2		
Children and Families Total			238	357	561	561	0	1,717	
<b>Asset Sustainability Total</b>			<b>2,040</b>	<b>1,011</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>4,179</b>	
Service Development	Children and Families	Dunclutha Children's Home	1,244	56	0	0	0	1,300	
	Children and Families Total		1,244	56	0	0	0	1,300	
<b>Service Development Total</b>			<b>1,244</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300</b>	
<b>Overall Total</b>			<b>3,284</b>	<b>1,067</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>5,479</b>	

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
Asset Sustainability	Education	Achaleven Primary School	119	50	3	0	0	172
		Ardchattan Primary School	0	2	0	0	0	2
		Ardrishaig Primary School	273	43	0	0	0	316
		Arinagour Primary School	93	32	2	0	0	127
		Arrochar Primary School	23	65	2	0	0	90
		Asbestos Control/Removal Works	78	7	0	0	0	85
		Block Allocation	0	500	2,920	2,920	0	6,340
		Bunessan Primary School	300	34	0	0	0	334
		Campbeltown Nursery	28	2	0	0	0	30
		Capital Property Works	835	69	0	0	0	904
		Cardross Primary School	794	9	0	0	0	803
		Carradale Primary School	108	6	0	0	0	114
		Castlehill Primary School	641	163	10	0	0	814
		Clachan Primary	220	2	0	0	0	222
		Colgrain Primary School	1,030	2	0	0	0	1,032
		Dalintober Primary School	305	72	3	0	0	380
		Dalmally Primary School	188	147	8	0	0	343
		Dervaig Primary School	71	1	0	0	0	72
		Drumlemble Primary School	406	5	0	0	0	411
		Dunbeg Primary School	473	361	0	0	0	834
		Easdale Primary School	8	27	0	0	0	35
		Ferry Houses - Housing Quality Standard	76	0	0	0	0	76
		Free School Meals	536	14	0	0	0	550
		Furnace Primary School	194	2	0	0	0	196
		Garelochhead Primary School	359	113	0	0	0	472
		Glenbarr Primary School	233	5	0	0	0	238
		Hermitage Primary School	190	0	0	0	0	190
		Homeless Houses - Housing Quality Standard	12	1	0	0	0	13
		Internal Refurbishment Budget	154	46	0	0	0	200
		Islay High School	4,115	184	6	0	0	4,305
		John Logie Baird Primary School	744	210	6	0	0	960
		Keills Primary School	35	0	0	0	0	35
		Kilchattan Primary School	253	17	2	0	0	272
		Kilchrenan Primary School	36	0	0	0	0	36
Kilcreggan Primary School	595	18	0	0	0	613		
Kilmartin Primary School	19	97	4	0	0	120		
Kilmodan Primary School	240	0	0	0	0	240		
Lismore Primary School	73	8	0	0	0	81		
Lochgoilhead Primary School	219	79	0	0	0	298		
Lochnell Primary School	0	48	2	0	0	50		
Parklands School	171	298	9	0	0	478		

<b>Asset Sustainability</b>	Education	Port Ellen Primary School	0	48	2	0	0	50
		Property Works - Contingency	298	0	0	0	0	298
		Rhunahaorine Primary	182	0	0	0	0	182
		Rosneath Primary School	686	1	0	0	0	687
		School Houses - Housing Quality Standard	409	0	2	0	0	411
		Small Isles Primary School	1	-1	0	0	0	0
		Southend Primary School	26	4	0	0	0	30
		St Joseph's Primary School	554	17	0	0	0	571
		St Mun's Primary School	581	260	8	0	0	849
		Tarbert High School	19	1	0	0	0	20
		Tiree Primary School	317	150	8	0	0	475
		Tobermory High School	1,000	167	0	0	0	1,167
		Toward Primary School	136	42	2	0	0	180
Ulva Primary School	82	8	0	0	0	90		
	Education Total	18,538	3,436	2,999	2,920	0	27,893	
<b>Asset Sustainability Total</b>		<b>18,538</b>	<b>3,436</b>	<b>2,999</b>	<b>2,920</b>	<b>0</b>	<b>27,893</b>	
<b>Service Development</b>	Education	Bowmore Primary School - Pre Five Unit	31	-3	0	0	0	28
		Bunessan Primary School - Gaelic Medium Improvements	25	5	0	0	0	30
		Clyde Cottage - 600 hours provision	465	40	0	0	0	505
		Craignish Primary School - Pre Five Extension (600 hours funding)	382	35	0	0	0	417
		Early Learning and Childcare	1,647	544	3,795	0	0	5,986
		Iona Primary School - Pre Five Unit (600 hours funding)	434	40	0	0	0	474
		Islay High & Rosneath PS Pitches	6	670	24	0	0	700
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	365	23	0	0	0	388
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	346
		Sandbank Gaelic Pre Five Unit	491	-27	0	0	0	464
		Tarbert High School - Biomass enabling work	0	20	0	0	0	20
	Education Total	4,187	1,352	3,819	0	0	9,358	
<b>Service Development Total</b>		<b>4,187</b>	<b>1,352</b>	<b>3,819</b>	<b>0</b>	<b>0</b>	<b>9,358</b>	
<b>Strategic Change</b>	Education	Campbeltown Schools Redevelopment	1,649	271	50	0	0	1,970
		Dunoon Primary School	7,170	2,629	985	0	0	10,784
		Kirn Primary School	9,878	301	0	0	0	10,179
		Replacement of Oban High School	2,496	304	550	0	0	3,350
	Education Total	21,193	3,505	1,585	0	0	26,283	
<b>Strategic Change Total</b>		<b>21,193</b>	<b>3,505</b>	<b>1,585</b>	<b>0</b>	<b>0</b>	<b>26,283</b>	
<b>Overall Total</b>		<b>43,918</b>	<b>8,293</b>	<b>8,403</b>	<b>2,920</b>	<b>0</b>	<b>63,534</b>	

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
<b>Asset Sustainability</b>	Customer and Support Services	Block Allocation	0	0	1,011	1,011	0	2,022
		Computer Network Security	697	22	0	0	0	719
		Corporate GIS Portal Rollout	140	17	0	0	0	157
		MS Exchange & Doc Sharing	389	27	0	0	0	416
		PC Replacement	3,817	674	0	0	0	4,491
		Server Sustainability	811	57	0	0	0	868
		Telecomms Network	1,323	67	0	0	0	1,390
	Customer and Support Services Total		7,177	864	1,011	1,011	0	10,063
<b>Asset Sustainability Total</b>			<b>7,177</b>	<b>864</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>10,063</b>
<b>Service Development</b>	Customer and Support Services	Applications Projects	1,305	45	0	0	0	1,350
	Customer and Support Services Total		1,305	45	0	0	0	1,350
<b>Service Development Total</b>			<b>1,305</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>
<b>Overall Total</b>			<b>8,482</b>	<b>909</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>11,413</b>

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
<b>Asset Sustainability</b>	Facility Services	Argyll House, Dunoon	213	368	6	0	0	587
		Asbestos Capital Property Works	72	42	0	0	0	114
		Block Allocation	0	656	561	561	0	1,778
		Burnett Building	77	16	1	0	0	94
		Capital Property Works	70	10	0	0	0	80
		Castle House, Dunoon	46	9	1	0	0	56
		Dunoon Office Rationalisation	3	220	7	0	0	230
		Fire Risk Assessment Works 16/17	30	45	0	0	0	75
		Hill Street Dunoon Rewire	2	32	1	0	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Kilmory Castle	397	83	0	0	0	480
		Legionella Control Works	309	581	0	0	0	890
		Lorn House, Oban	97	24	0	0	0	121
		Manse Brae District Office	58	65	2	0	0	125
		Manse Brae Roads Office	35	2	0	0	0	37
		Mill Park Depot	272	-199	0	0	0	73
		Oban Municipal Buildings	273	0	0	0	0	273
		Old Quay Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	105	64	0	0	0	169
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
	Facility Services Total		2,121	2,097	579	561	0	5,358
<b>Asset Sustainability Total</b>			<b>2,121</b>	<b>2,097</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>5,358</b>
<b>Strategic Change</b>	Facility Services	Asset Management Fund	0	2,000	0	0	0	2,000
		Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	1,938	78	0	0	0	2,016
		Carbon Management Business Cases (FPB)	201	60	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	11,500	338	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Rothesay Office Rationalisation	0	10	0	0	0	10
		Tiree Shared Offices	0	0	0	0	0	0
			Facility Services Total		16,659	2,886	0	0
<b>Strategic Change Total</b>			<b>16,659</b>	<b>2,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,545</b>
<b>Area Committee</b>	Facility Services	Area Committee	25	44	0	0	0	69
	Facility Services Total		25	44	0	0	0	69
<b>Area Committee Total</b>			<b>25</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
<b>Overall Total</b>			<b>18,805</b>	<b>5,027</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>24,972</b>

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
Service Development	Economic Development	Cycleways - H&L (FSPT)	2,326	100	0	0	0	2,426
		Fire Engines Coll & Colonsay PB	108	0	0	0	0	108
		Kilmartin House	0	200	200	0	0	400
		Safe Streets, Walking and Cycling (CWSS)	1,078	260	0	0	0	1,338
		SPT - bus infrastructure	1,400	100	0	0	0	1,500
Economic Development Total			4,912	660	200	0	0	5,772
<b>Service Development Total</b>			<b>4,912</b>	<b>660</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>5,772</b>
Strategic Change	Economic Development	01 TIF - Lorn/Kirk Road	1,959	211	0	0	0	2,170
		05 TIF - North Pier Extension	214	10	336	0	0	560
		09 TIF - Oban Airport Business Park	447	143	0	0	0	590
		CHORD - Dunoon	12,238	284	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,483	746	0	0	0	7,229
		CHORD - Oban	7,129	828	0	0	0	7,957
		CHORD - Rothesay	8,104	5,741	0	0	0	13,845
		Dunoon CARS	0	166	167	167	0	500
		Glengorm Wind Turbine	415	22	0	0	0	437
		Helensburgh CARS	0	0	80	80	0	327
		Helensburgh Waterfront Development	1,387	2,587	15,537	0	0	19,511
		Lochgilphead CARS	0	50	50	50	0	200
		OBC for Dunoon Pier	2,844	-14	0	0	0	2,830
Rothesay THI	0	66	67	67	0	200		
Economic Development Total			41,220	10,840	16,237	364	0	68,878
<b>Strategic Change Total</b>			<b>41,220</b>	<b>10,840</b>	<b>16,237</b>	<b>364</b>	<b>0</b>	<b>68,878</b>
<b>Overall Total</b>			<b>46,132</b>	<b>11,500</b>	<b>16,437</b>	<b>364</b>	<b>0</b>	<b>74,650</b>

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
<b>Asset Sustainability</b>	Roads and Amenity Services	Astro Pitch Repairs	320	26	0	0	0	346
		Block Allocation	0	0	5,615	5,615	0	11,230
		Bridge Strengthening	2,345	369	378	0	0	3,092
		Castle Lodge, Dunoon - Building Works	160	0	0	0	0	160
		Cemetery Houses	40	10	0	0	0	50
		Environmental Projects	432	487	0	0	0	919
		EV Quick Chargers	517	486	0	0	0	1,003
		Fleet Management	982	2,310	1,600	0	0	4,892
		Flood Prevention	408	150	130	0	0	688
		Footway Improvements	652	348	0	0	0	1,000
		Furnace Coastal Protection	125	19	0	0	0	144
		Glengorm - Capping	105	95	0	0	0	200
		Lighting	1,396	307	0	0	0	1,703
		Public Convenience Upgrades	0	66	0	0	0	66
		Roads Reconstruction	37,454	8,832	0	0	0	46,286
	Roads and Amenity Services Total		44,936	13,505	7,723	5,615	0	71,779
<b>Asset Sustainability Total</b>			<b>44,936</b>	<b>13,505</b>	<b>7,723</b>	<b>5,615</b>	<b>0</b>	<b>71,779</b>
<b>Service Development</b>	Roads and Amenity Services	Campbeltown Old Quay	1,379	45	0	0	0	1,424
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	221
	Roads and Amenity Services Total		1,584	61	0	0	0	1,645
<b>Service Development Total</b>			<b>1,584</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,645</b>
<b>Strategic Change</b>	Roads and Amenity Services	Campbeltown Flood Scheme	181	409	203	0	0	793
		Harbour Investment Programme PB	1,802	4,627	5,125	5,200	52,581	74,785
		Street Lighting LED Replacement	2,700	1,200	0	0	0	3,900
	Roads and Amenity Services Total		4,683	6,236	5,328	5,200	52,581	79,478
<b>Strategic Change Total</b>			<b>4,683</b>	<b>6,236</b>	<b>5,328</b>	<b>5,200</b>	<b>52,581</b>	<b>79,478</b>
<b>Overall Total</b>			<b>51,203</b>	<b>19,802</b>	<b>13,051</b>	<b>10,815</b>	<b>52,581</b>	<b>152,902</b>



Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
<b>Asset Sustainability</b>	Live Argyll	Aqualibrium	248	111	6	0	0	365
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	22	37	1	0	0	60
		Campbeltown Museum - Burnet Bldg	81	24	1	0	0	106
		Capital Property Works	108	0	563	561	0	1,232
		Community Centres General - Options Appraisal	20	0	0	0	0	20
		Dunoon Community Education Centre	192	50	0	0	0	242
		Helensburgh Swimming Pool - Roofing	1	9	0	0	0	10
		Inveraray CARS	0	21	0	0	0	21
		LA - Indoor Cycles	43	0	0	0	0	43
		Lochgilphead Community Ed Centre	34	0	0	0	0	34
		Moat Centre (Roofing)	214	9	0	0	0	223
		Mossfield Grandstand - Upgrade	44	0	0	0	0	44
		Ramsay Memorial Hall	1	0	0	0	0	1
		Riverside Leisure Centre - Cladding Upgrade	0	30	0	0	0	30
		Rothesay Swimming Pool	169	481	13	0	0	663
		Victoria Hall, Campbeltown	633	7	0	0	0	640
		Victoria Halls, Helensburgh	232	81	3	0	0	316
	Live Argyll Total		2,042	860	587	561	0	4,050
<b>Asset Sustainability Total</b>			<b>2,042</b>	<b>860</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>4,050</b>
<b>Service Development</b>	Live Argyll	Riverside Leisure Centre Refurbishment	1,232	0	0	0	0	1,232
	Live Argyll Total		1,232	0	0	0	0	1,232
<b>Service Development Total</b>			<b>1,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>
<b>Strategic Change</b>	Live Argyll	Carbon Management	14	36	0	0	0	50
	Live Argyll Total		14	36	0	0	0	50
<b>Strategic Change Total</b>			<b>14</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Overall Total</b>			<b>3,288</b>	<b>896</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>5,332</b>

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

STRATEGIC FINANCE

15 August 2019

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**TREASURY MANAGEMENT MONITORING REPORT – JUNE 2019**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's treasury management position for the period 1 April 2019 to 30 June 2019 and includes information on:
- Overall Borrowing Position
  - Borrowing Activity
  - Investment Activity
  - Economic Background
  - Interest Rate Forecast
  - Prudential Indicators.
- 1.2 Estimated borrowing is below the Capital Financing Requirement for the period to 30<sup>th</sup> June 2019, at this stage in the financial year capital expenditure is on target.
- 1.3 The net movement in external borrowing in the period was a decrease of £10.4m.
- 1.4 The levels of investments were £81.5m at 30 June 2019. The rate of return achieved was 0.959% which compares favourably with the target of 7 day LIBID which was 0.570%.

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**TREASURY MANAGEMENT MONITORING REPORT – JUNE 2019**


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**2. INTRODUCTION**

2.1 This report sets out the Council's treasury management position for the period 1 April 2019 to 30 June 2019 and includes information on:

- Overall Borrowing Position
- Borrowing Activity
- Investment Activity
- Economic Background
- Interest Rate Forecast
- Prudential Indicators.

**3. DETAIL****Overall Borrowing Position**

3.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2019. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2019/20 £000's	Forecast 2020/21 £000's	Forecast 2021/22 £000's
CFR at 1 April	310,013	300,822	293,262
Net Capital Expenditure	3,314	5,046	(10,651)
Less Loans Fund Principal Repayments	(7,956)	(7,832)	(7,958)
Less: NPDO Repayment	(4,549)	(4,774)	(5,050)
<b>Estimated CFR 31 March</b>	<b>300,822</b>	<b>293,262</b>	<b>269,603</b>
Less Funded by NPDO	(124,224)	(119,675)	(114,901)
<b>Estimated Net CFR 31 March</b>	<b>176,598</b>	<b>173,587</b>	<b>154,702</b>
Estimated External Borrowing at 31 March	175,958	169,666	165,894
<b>Gap</b>	<b>640</b>	<b>3,921</b>	<b>(11,192)</b>

- 3.2 Borrowing is below the Capital Financing Requirement for the period to 30<sup>th</sup> June 2019, capital spend is on target at this stage in the year. Borrowing rates are currently very low and it is anticipated that new borrowing will be taken to take advantage of these rates.

The Councils Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.

- 3.3 The Council's estimated net capital financing requirement at the 30<sup>th</sup> June 2019 is £180.246m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £84.6m is currently invested.

	Position at 31/03/19 £000's	Position at 30/06/19 £000's
Loans	183,476	173,059
Internal Balances	71,813	85,067
Less Investments & Deposits	(75,043)	(81,528)
<b>Total</b>	<b>180,246</b>	<b>176,598</b>

#### 3.4 Borrowing Activity

	Actual £000's
External Loans Repaid 1st April 2019 to 30th June 2019	(10,436)
Borrowing undertaken 1st April 2019 to 30th June 2019	6
<b>Net Movement in External Borrowing</b>	<b>(10,430)</b>

- 3.5 The external borrowing of the Council decreased by £10.4m during the period, due to repayment of PWLB borrowing of £2.9m and repayment of temporary borrowing of £7.5m.
- 3.6 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 31st March 2019	8,089	0.35%
Temp borrowing at 30th June 2019	609	0.35%

## Investment Activity

- 3.7 The average rate of return achieved on the Council's investments to 30 June 2019 was 0.959% compared to the average LIBID rate for the same period of 0.570% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 30 June 2019 the Council had £81.5m of short term investments at an average rate of 0.959%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank Instant	Instant Access	528	0.65%	Short Term A-2, Long Term BBB+
CBA	15/07/2019	5,000	0.94%	Short Term A-1+ , Long Term AA-
Nationwide BS	17/07/2019	5,000	1.01%	Short Term A-1, Long Term A
Goldman Sachs	185 Day Notice	2,500	1.04%	Short Term A-1, Long Term A+
Goldman Sachs	185 Day Notice	5,000	1.005%	Short Term A-1, Long Term A+
Qatar National Bank	16/08/2019	2,500	1.04%	Short Term A-1, Long Term A
First Abu Dhabi Bank	21/04/2020	5,000	1.10%	Short Term A-1+, Long Term AA-
Qatar National Bank	23/08/2019	5,000	1.04%	Short Term A-1, Long Term A
First Abu Dhabi Bank	25/03/2020	2,500	1.08%	Short Term A-1+, Long Term AA-
Santander	25/10/2019	5,000	1.00%	Short Term A-1, Long Term A
ANZ	11/05/2020	5,000	1.14%	Short Term A-1+, Long Term AA-
Santander	21/11/2019	2,500	1.00%	Short Term A-1, Long Term A
ANZ	17/06/2020	2,500	1.14%	Short Term A-1+, Long Term AA-
Bank of Scotland	12/06/2020	2,500	1.00%	Short Term A-1, Long Term A+
Bank of Scotland	10/06/2020	5,000	1.25%	Short Term A-1, Long Term A+
Lancashire County Council	24/10/2019	5,000	1.00%	AA
Thurrock Borough Council	15/05/2019	5,000	1.05%	AA
MMF- Federated	Call	7,500	0.76%	AAA
MMF - AberdeenStandard	Call	2,500	0.76%	AAA
MMF - CCLA	Call	2,000	0.76%	AAA
MMF - Aviva	Call	4,000	0.75%	AAA
<b>Total</b>		<b>81,528</b>		

- 3.8 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.

### **Economic and Interest Rate Forecasts**

- 3.11 The latest economic background is shown in appendix 1 with the interest rate forecast in appendix 2.

### **Prudential Indicators**

- 3.12 The prudential indicators for 2019-20 are attached in appendix 3.

## **4. CONCLUSION**

- 4.1 The Council's borrowing decreased by £10.4m, it is currently below the Capital Financing Requirement for the period to 30 June 2019. There are substantial internal balances, of which £81.5m is currently invested. The investment returns were 0.959% which is above the target of 0.570%.

## **5. IMPLICATIONS**

- |     |                        |       |
|-----|------------------------|-------|
| 5.1 | Policy –               | None. |
| 5.2 | Financial -            | None  |
| 5.3 | Legal -                | None. |
| 5.4 | HR -                   | None. |
| 5.5 | Fairer Scotland Duty - | None. |
| 5.6 | Risk -                 | None. |
| 5.7 | Customer Service -     | None. |

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

**Policy Lead for Strategic Finance and Capital Regeneration Projects –**  
**Councillor Gary Mulvaney**

Appendix 1 – Economic Background  
Appendix 2 – Interest Rate Forecast  
Appendix 3 – Prudential Indicators

## Appendix 1

## Economic Background

*This section has been provided by Link Asset Services and therefore includes their views and opinions of future trends and events.*

**UK.** After weak **economic growth** of only 0.1% in quarter one of 2018/19, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing individual country in the G7 in quarter 4.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC does have concerns over the trend in **wage inflation** which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for **CPI inflation** itself, this has been on a falling trend, reaching 1.8% in January before rising marginally to 1.9% in February. However, in the February Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in **household spending power** is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

**Brexit.** The Conservative minority government has so far, (1.4.19), been unable to muster a majority in the Commons over its Brexit deal. The EU has set a deadline of April 12 for the House of Commons to propose what form of Brexit it would support. If another form of Brexit, other than the current deal, does get a majority by April 12, then it is likely there will need to be a long delay to Brexit to allow time for negotiations with the EU. It appears unlikely that there would be a Commons majority which would support a disorderly Brexit or revoking article 50, (cancelling Brexit). There would also need to be a long

delay if there is no majority for any form of Brexit. If that were to happen, then it increases the chances of a general election in 2019; this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

**USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate) in quarter 1 to 4.2% in quarter 2, 3.5% in quarter 3 and then back to 2.2% in quarter 4. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.4% in February, a decade high point. However, CPI inflation overall fell to 1.5% in February, a two and a half year low, and looks to be likely to stay around that number in 2019 i.e. below the Fed's target of 2%. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in the upward swing cycle. However, the Fed now appears to be edging towards a change of direction and admitting there may be a need to switch to taking action to cut rates over the next two years. Financial markets are now predicting two cuts of 25 bps by the end of 2020.

**EUROZONE.** Growth has been weak at 0.4% in quarter 2, 0.2% in quarter 3, 0.2% in quarter 4 and likely to be 0.1- 0.2% in quarter 1 of 2019. The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. However, with its refinancing rate already at 0.0% and the deposit rate at -0.4%, it has probably reached the bottom of cutting rates. At its March meeting it said that it expects to leave interest rates at their present levels "at least through the end of 2019", but that is of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.



**JAPAN** - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

**WORLD GROWTH.** Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, though this fear is probably overblown. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks.

## Appendix 2

**Interest Rate Forecast:**

Our treasury management advisers, Link Asset Services have provided us with the following update to their interest rate forecasts.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

After the August increase in Bank Rate to 0.75%, the first above 0.5% since the financial crash, the MPC has since then put any further action on hold, probably until such time as the fog of Brexit clears and there is some degree of certainty of what the UK will be heading into. It is particularly unlikely that the MPC would increase Bank Rate in February 2019 ahead of the deadline in March for Brexit, if no agreement on Brexit has been reached by then. ***The above forecast, and other comments in this report, are based on a central assumption that there is an agreement on a reasonable form of Brexit.*** In that case, then we think that the MPC could return to increasing Bank Rate in May 2019 but then hold fire again until February 2020. However, this is obviously based on making huge assumptions which could be confounded. In the event of a disorderly Brexit, then cuts in Bank Rate could well be the next move.

**The balance of risks to the UK**

The overall balance of risks to economic growth in the UK is probably neutral.

- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

## APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2019/20	2019/20	2020/21	2021-22
<b>(1). EXTRACT FROM BUDGET</b>				
	<b>Forecast Outturn £'000</b>	<b>Original Estimate £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn £'000</b>
<b>Capital Expenditure</b>				
Non - HRA	3,314	9,897	5,046	(10,651)
<b>TOTAL</b>	<b>3,314</b>	<b>9,897</b>	<b>5,046</b>	<b>(10,651)</b>
<b>Ratio of financing costs to net revenue stream</b>				
Non - HRA	5.83%	5.83%	5.84%	5.89%
<b>Net borrowing requirement</b>				
brought forward 1 April *	310,013	304,389	301,781	309,082
carried forward 31 March *	300,822	301,781	309,082	306,056
in year borrowing requirement	(9,191)	(2,608)	7,301	(3,026)
<b>In year Capital Financing Requirement</b>				
Non - HRA	(9,191)	(2,608)	7,301	(3,026)
<b>TOTAL</b>	<b>(9,191)</b>	<b>(2,608)</b>	<b>7,301</b>	<b>(3,026)</b>
<b>Capital Financing Requirement as at 31 March</b>				
Non - HRA	300,822	301,781	309,082	306,056
<b>TOTAL</b>	<b>300,822</b>	<b>301,781</b>	<b>309,082</b>	<b>306,056</b>

PRUDENTIAL INDICATOR	2019/20	2020/21	2021-22
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>			
	<b>£'M</b>	<b>£'M</b>	<b>£'M</b>
<b>Authorised limit for external debt -</b>			
borrowing	205	215	219
other long term liabilities	127	122	117
<b>TOTAL</b>	<b>332</b>	<b>337</b>	<b>336</b>
<b>Operational boundary for external debt -</b>			
borrowing	200	210	214
other long term liabilities	124	119	114
<b>TOTAL</b>	<b>324</b>	<b>329</b>	<b>328</b>
<b>Upper limit for fixed interest rate exposure</b>			
Principal re fixed rate borrowing	190%	190%	190%
<b>Upper limit for variable rate exposure</b>			
Principal re variable rate borrowing	60%	60%	60%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	<b>£20m</b>	<b>£20m</b>	<b>£20m</b>

Maturity structure of new fixed rate borrowing during 2017/18	upper limit		lower limit
	under 12 months	30%	0%
12 months and within 24 months	30%	0%	
24 months and within 5 years	30%	0%	
5 years and within 10 years	40%	0%	
10 years and above	80%	0%	

**RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2019**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £194.654m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £6.947m is still to be drawn down in 2019-20
  - £2.697m is planned to be spent in future years.

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.

**RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2019****2. INTRODUCTION**

- 2.1 This report outlines current balances on all of the Council's reserves, both usable and unusable. It also provides detail on the monitoring of the earmarked balances within the General Fund.

**3. DETAIL****3.1 Types of Reserves**

- 3.1.1 Usable Reserves - Councils have powers to establish certain resource backed reserves which can be used to fund expenditure. The powers of councils to establish reserves are laid out in Schedule 3 of the Local Government (Scotland) Act 1975. These allow councils to establish a Renewal and Repairs Fund, Insurance Fund and Capital Fund. Councils can also establish a Useable Capital Receipts Reserve. The Council must also maintain a General Fund and can earmark balances for specific purposes within the General Fund.

- 3.1.2 Unusable Reserves – Councils are also required to establish certain reserves that are not backed by resources. They are required purely for accounting purposes and do not represent resources available for councils to utilise. The Pensions Reserve, Revaluation Reserve, Capital Adjustment Account, Financial Instruments Adjustment Account and Accumulated Absences Account fall into this latter category of accounting reserves.

**3.2 Reserve Balances At 31 March 2019**

- 3.2.1 The balances on each type of reserve at 31 March 2019 are set out in the table below, updated as per the unaudited Accounts for 2018-19.

<b>Reserve</b>	<b>£000</b>
<b>Unusable Reserves</b>	
Revaluation Reserve	115,150
Capital Adjustment Account	195,045
Financial Instruments Adjustment Account	(3,176)
Pensions Reserve	(106,253)
Accumulated Absences Account	(6,112)
<b>Total Unusable Reserves</b>	<b>194,654</b>
Usable Reserves.....on next page	

<b>Reserve</b>	<b>£000</b>
<b>Usable Reserves</b>	
Repairs and Renewals Fund	1,696
Capital Fund and Usable Capital Receipts Reserve	4,352
General Fund	49,480
<b>Total Usable Reserves</b>	<b>55,528</b>
<b>Total Reserves</b>	<b>250,182</b>

- 3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed assets. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken at 31 March.
- 3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

### 3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2019 can be analysed as follows:

	<b>Balance 31/03/19 £000</b>
Balance on General Fund as at 31 March 2018	50,342
Decrease to General Fund balance at end of 2018-19	(862)
Earmarked Balances	(42,936)
Contingency allowance at 2% of net expenditure	(4,838)
<b>Unallocated balance as at 31 March 2019</b>	<b>1,706</b>

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2019, the amounts that are

currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/19	Invested or committed for major initiatives /capital projects	Drawn-down to 2019-20 Budget as at 30/06/19	Still to be drawn-down in 2019-20	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,310	6,310	0	0	0	0
Investment in Affordable Housing	4,200	4,200	0	0	0	0
Capital Projects	5,579	5,579	0	0	0	0
Lochgilphead and Tarbert Regeneration	2,917	2,917	0	0	0	0
Inward Investment Fund	935	935	0	0	0	0
Rural Resettlement Fund	180	180	0	0	0	0
Asset Management Investment	2,507	2,507	0	0	0	0
Piers and Harbours Investment Fund	240	240	0	0	0	0
Scottish Government Initiatives	491	0	0	418	73	0
Transformation	78	0	0	78	0	0
CHORD	142	0	0	142	0	0
DMR – Schools	815	0	0	815	0	0
Energy Efficiency Fund	137	0	0	137	0	0
Existing Legal Commitments	796	0	0	796	0	0
Unspent Grant	1,588	0	0	1,558	30	0
Unspent Third Party Contributions	132	0	0	132	0	0
Other Previous Council Decisions	11,644	10,424	0	436	784	0
Unspent Budget	4,245	0	0	2,435	1,810	0
<b>Total</b>	<b>42,936</b>	<b>33,292</b>	<b>0</b>	<b>6,947</b>	<b>2,697</b>	<b>0</b>

3.3.3 At the Council meeting on 27 June, the following supplementary estimates were agreed which reduce the unallocated General Fund balance:

	£000
Enforcement action for Planning, Housing & Regulatory Services	24
Kintyre Recycling Ltd to continue with kerbside service delivery	33
Fyne Futures to continue with kerbside service delivery	37
<b>Agreed Supplementary Estimates</b>	<b>94</b>

3.3.4 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking

into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.

	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 June 2019	(94)
Current Forecast Outturn for 2019-20 as at 30 June 2019	(2,384)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(772)</b>

- 3.3.5 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and be using £0.772m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months. At this stage, I am not recommending that the Council need a recovery plan as the IJB recovery plan has actions to bring the Social Work spending back in line with budget and this would take the Council out of a forecast contingency position. The delivery of the recovery plan will be closely monitored.

#### **4. CONCLUSION**

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 30 June 2019 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2019-20 is a deficit of £0.772m.

#### **5. IMPLICATIONS**

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Fairer Scotland Duty - None.
- 5.6 Risk - A contingency of £4.838m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.7 Customer Service - None.

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**



**Policy Lead for Strategic Finance and Capital Regeneration Projects -  
Councillor Gary Mulvaney**

**APPENDICES**

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2019

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
001	Chief Executive Unit	Strategic Finance	CIPFA, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	47			47	27	20	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification. Converting to Digital Records project - This project has been created to convert all the Income Maximisation finance files (residential/care home placements) to digital. This will be done by employing two summer students over the summer of 2019. Once complete the efficiencies of information flow and access will generate savings within the finance team.	27	20	0
002	Community Services	Education	Youth Employment Opportunities Fund	23			23	23	0	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	23	0	0
003	Customer Services	Customer and Support Services	Digital Transformation	30			30	30	0	To fund the development of 11 digital transformation options and a post to support the work of the Transformation Board. Options were approved by the Administration on 3rd December for a series of spend to save activities.	30	0	0
004	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	19			19	19	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 and this balance £18,595 was allocation to support the Community Learning and Development Team to provide courses to support Universal Credit claimants in 2018/2019. The funds were not utilised in 2018/2019 and the service has asked that they be carried forward to 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops.	19	0	0
005	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	115			115	115	0	The original sum agreed was £150,000 and £35,000 was spent in 2017/18 . The drawdown was due to take place in March 2019 as per previous year. Appeals are ongoing and we have entered into a contract with Rydens/Sanderson Weatherall whereby a fee percentage has been agreed and capped for each appeal. The monies spent in 2017/18 was for the initial consultation fee with the £4k incurred to date for 11 settled appeals. 368 appeals are still outstanding with Appeal sessions still to be held during 2019/20 . With regards to the 368 appeals outstanding if all are successful the maximum fees could be £228k. It is therefore proposed to carry this earmarking forward and make a case for increasing the sums into 2019/20 as this is when the outstanding appeals will occur.	115	0	0
006	Customer Services	Customer Services	New Schools Project - Additional Monitoring	85			85	85	0	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance. New Schools Project Additional Monitoring, the original sum agreed was £250,000 and £80,000 was spent in 2017/18 and £85,000 in 2018/19 by way of CFCR as the actual spend takes place against the New Schools Capital Project. Similar will happen in 2019/20 with £85k programmed to be spent.	85	0	0
007	Customer Services	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	46			46	46	0	The parking capacity at Kilmory is proving to be insufficient, particularly taking account of the pending transfer of up to 40 NHS staff from Aros during 2018. The proposal is to increase car parking capacity making use of the area adjacent to the access road to the west of the Extension building. If approved, the project would also deliver safety enhancements and DDA compliance for users and pedestrians including upgraded lighting along the footpath.	46	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
008	Customer Services	Facility Services	Management of Asbestos	159			159	80	79	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	80	79	0
009	Customer Services	Improvement and HR	Business Development Training	58			58	58	0	This proposal is to invest in leadership development in support of transformational and culture change. The proposal involves a further programme of leadership development building on the outcomes of the Chief Officer's Leadership Development and Argyll and Bute Manager programmes.	58	0	0
010	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	109			109	109	0	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. The programme is supporting an ongoing programme of Apprenticeship placements and will now prioritise apprenticeships in areas of service identified as in need as a result of workforce planning.	109	0	0
011	Customer Services	Improvement and HR	Learning and Development	44			44	44	0	To fund training identified via PRDs, develop further E-Learning modules etc. Original earmarked balance planned for spend over a 5 year period. Corporate need identified through workforce planning and the Digital Strategy identify Digital Learning as a priority for spend this year. A plan has been developed to deliver this.	44	0	0
012	Customer Services	Improvement and HR	Living Wage Consolidation Team	63			63	63	0	This proposal relates to the first of a two stage project to review and update the Council's Pay and Grading model to incorporate the Scottish Local Government Living Wage arrangements. The first stage will involve the establishment of a project team to carry out an options appraisal and present a preferred and costed option to Council to agree the implementation of Living Wage consolidation and the required changes to the Pay and Grading model.	63	0	0
013	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	50			50	50	0	This proposal seeks earmarked funding for temporary additional staff to support the effective delivery of employee change processes (increased requirements for redundancy quotes, retirement quotes, job evaluation, redeployment etc) involved in the Council's current Transformation Programme.	50	0	0
014	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen Inveraray Arches Re-tender	150			150	150	0	Essential maintenance work to be required out on the Arches in Inveraray. The contract has now been let for this project with a pre contract meeting scheduled for 28th November and local members informed. Works are due to commence in January 2019 to minimise scaffolding customs with a completion date of July 2019.	150	0	0
015	Development & Infrastructure Services	Economic Development	Oban Strategic Development Framework	75			75	75	0	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network usage and parking arrangements in Oban town centre.	75	0	0
016	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	813			813	813	0	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	813	0	0
017	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306			306	306	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306	0	0
018	Development & Infrastructure Services	Economic Development	Royal National Mod	80			80	80	0	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20	80	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
019	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40			40	40	0	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014. We have recently received information in terms of charity status, hours of operation and visitor numbers from the grantee and we are reviewing this in order to make the final grant payment which is anticipated before the end of the calendar year.	40	0	0
020	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	20			20	20	0	To be used in support of delivering the LDP in general: including developing IT and GIS capabilities required to support publishing the LDP.	20	0	0
021	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	446			446	75	371	Maintenance of 3G Pitches across Argyll & Bute. Machinery and equipment, initial quotes have been received, employees yet to be recruited, 2 permanent employees on LGE 5 LETS contracts. On finalising recruitment machinery, equipment etc., will be purchased, including training for operatives and supervisory staff.	75	59	312
022	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	43			43	43	0	To introduce WDM(ELM)/TOTAL to provide accurate management information on the operation of Amenity Services. ELM is now live in all areas. During 2019-20 it is proposed that the system will be expanded to include burials and other amenity routes which will mean the purchasing of further tablets for use. TOTAL system pilot undertaken and development of timesheet app progressing. Funding required to allow for system interfaces and hard purchases.	43	0	0
023	Development & Infrastructure Services	Roads and Amenity Services	Dalningart Forestry Plan	11			11	0	11	In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. It is proposed that the remaining income received for timber income from Tilhill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council fulfils its obligation to restock the site.	0	11	0
024	Development & Infrastructure Services	Roads and Amenity Services	Kintyre Recycling Limited (KRL)	23			23	23	0	One off funding allocation for Kintyre Recycling Limited agreed as part of the budget setting process for 2019-20	23	0	0
025	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	112			112	53	59	Currently funding the LMS WDM Post within the WDM team at Manse Brae. Due to the imminent set up of the HUB as well as personnel moves this post will require to be retained for 2018/2019 and 2019/2020. The post is critical to ensuring continuity of service and is envisaged will support transformation within the HUB. This post will also support any move towards web hosted services and apps being introduced by WDM. The rest of the earmarked reserves will be utilised to introduce an apprentice electrician over a 4 year period.	53	59	0
026	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194			194	0	194	Will be used towards long term waste management model, including but not limited to scoping work for the creating of a waste transfer station at Blackhill. In conjunction with West Dunbartonshire and Inverclyde joint tender was approved at Council and Officers are currently reviewing technical and financial submissions.	0	0	194
027	HQ Non Dept	n/a	Community Resilience Fund	76			76	0	76	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	0	0	76

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
028	Integration Services	Adult Care	Autism Strategy	8			8	8	0	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2019-20.	8	0	0
029	Other	Other	Underwriting development of Rothesay Pavilion	1,000			1,000	0	1,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000	0
				4,245	0	0	4,245	2,435	1,810		2,435	1,228	582

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****15 AUGUST 2019**

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**BUDGET OUTLOOK 2020-21 TO 2022-23**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019. The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.2 The assumptions in respect of future years Scottish Government funding remain unchanged, however, the base funding figure has been updated to include the teachers' pay award funding of £2.366m for 2019-20 advised on 21 June 2019. The assumption is estimated to be within a range of 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%.
- 1.3 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%.
- 1.4 The funding in respect of Teachers Pensions has been updated to reflect the revised estimates following the deferral of the rate increase from 1 April 2019 to 1 September 2019 and also the further increase in rate from 1 September 2019. Due to the deferral of the rate increase, a surplus is created within 2019-20 and this can be earmarked until March 2023 to pay for the cost of the additional increased rate.
- 1.5 There are no changes to the base budget since the report on 16 May 2019.
- 1.6 The assumptions in respect of employee costs for Council services were previously noted as follows:
- Pay award for 2020-21 as agreed per the multi-year pay deal.
  - Pay award of between 2.7% and 3.5%, with mid-range 3% for 2021-22 and 2022-23.
  - Increments between zero and £0.848m with mid-range £0.424m.
  - Further increase to the teachers' employer contribution rate.
- The only change is to build in the additional cost in respect of the teacher pay deal agreed for 2019-20, which has matched funding in 2019-20. This additional cost gives rise to further inflationary increases in line with the assumptions noted above.
- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios, with an additional 1% general inflation built into the worst case scenario.

- 1.8 There are a number of cost and demand pressures for Council services built into each scenario. There are three new pressures included within this report:
- Universal Credit – HB Admin grant
  - Asbestos Management Plan
  - ASN Demand
  - NEW – SEEMIS membership fee
  - NEW – Third Sector Recycling
  - NEW – Oracle support costs.
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 There are two known costs pressures that have not been quantified at this stage in relation to the Waste Strategy/ban on Biodegradable Municipal Waste and the consolidation of the Living Wage. At this stage there are no further updates on these pressure, but they remain as unquantified pressures. Officers have been liaising with Rothesay Pavilion Trust who have been reviewing their 5 year business plan to assess whether the level of subsidy previously agreed by the Council is sufficient. Further information will be presented to Committee once known.
- 1.11 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2019, indicative allocations for 2020-21 and 2021-22 were agreed on the basis of current year funding less 1%. This indicative position has been included as the mid-range scenario with the 1% reflected in 2022-23 also. In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario and assumed a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.12 For Live Argyll, I have assumed the increase in 2020-21 as previously agreed by the Policy and Resources Committee on 17 August 2017. For 2021-22 and 2022-23 I have assumed a reduction equal to the mid-range Scottish Government Funding reduction (2%) within the best case scenario, a 1% reduction within the mid-range scenario and a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.13 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the three year period of £25.326m with a gap of £8.586m in 2019-20.
- 1.14 The measures to balance the budget over the next three years are as follows:
- Inflationary increase on fees and charges of between 1% (worst case) and 5% (best case) with a mid-range of 3%.



- Adjustment to previously agreed catering and cleaning saving in connection with shared services. I have assumed full delivery of the previously agreed saving of £0.446m in 2020-21 in the best case scenario and £0.172m of savings in the mid-range and worst case scenario by year 2021-22.
- Previously agreed management/operational and policy savings options.
- Proposed increase to Council Tax (4.79% in best case, 3% in mid-range and no increase in worst case scenario).

1.15 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £18.090m with a gap of £5.158m in 2020-21.

1.16 In contrast, the budget gap in the best case scenario over the three years is £6.036m with a gap of £1.499m in 2020-21 and in the worst case scenario, the budget gap over the three years is £33.444m with a gap of £9.386m in 2020-21. A summary of all three scenarios is included within Appendix 1.

1.17 It is recommended that the Policy and Resources Committee:

- a) Consider the current estimated budget outlook position for the period 2020-21 to 2022-23.
- b) Refer to Council to agree the earmarking of the surplus budget in 2019-20 in relation to teachers pensions as a result of the decision by Scottish Government to defer the pension increase from 1 April 2019 to 1 September 2019.

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**BUDGET OUTLOOK 2020-21 TO 2022-23**

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**2. INTRODUCTION**

- 2.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

**3. RECOMMENDATIONS**

- 3.1 It is recommended that the Policy and Resources Committee:
- c) Consider the current estimated budget outlook position for the period 2020-21 to 2022-23.
  - d) Refer to Council to agree the earmarking of the surplus budget in 2019-20 in relation to teachers pensions as a result of the decision by Scottish Government to defer the pension increase from 1 April 2019 to 1 September 2019.

**4. DETAIL****4.1 Funding****Scottish Government Finance Settlement**

- 4.1.1 The only change affecting the future funding assumptions is in respect of the additional income advised by letter on 21 June 2019 in respect of the teachers' pay award. Scottish Government agreed to distribute an additional £141m in 2019-20 as their contribution towards the pay award which covers the impact of the enhancement to COSLA's original pay offer to increase it from 2% to 3% for those earning more than £36,500 in 2018-19. It also covers the policy intervention in relation to the maingrade restructuring and the revaluation of all other SNCT payscales from 1 April 2019 as agreed with COSLA. The additional income is £2.366m in 2019-20 and this is matched by an increase to the expenditure budget (see para 4.3.2).
- 4.1.2 For future years, the assumption is unchanged and is estimated to be between a range of 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0% using a revised base funding figure that includes the teachers' pay award funding noted above.

- 4.1.3 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
% Change to Funding	-2.0%	-2.0%	-2.0%
Estimated SG Funding Reduction	(3,874)	(3,797)	(3,721)
<b>Estimated SG Funding</b>	<b>189,837</b>	<b>186,040</b>	<b>182,319</b>

### **Council Tax**

- 4.1.4 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%. The Council tax increase is included within paragraph 4.9.2 of this report.

### **UK Government Funding for Teachers Pensions**

- 4.1.5 The employer contribution rate for Teacher's Pensions was due to increase from 17.2% to 22.4% for the period 1 April 2019 to 31 March 2023. It was anticipated, as per a letter from the Cabinet Secretary for Finance, Economy and Fair Work that Scottish Government would fund 79% of the cost, meaning only 21% of the cost would have to be funded by the Local Authority. A full year additional cost of £1.846m and additional funding of £1.458m had been budgeted for 2019-20, a net cost of £0.388m.
- 4.1.6 The increase has since been deferred to 1 September 2019 but in deferring the increase, the rate has increased by a further 0.6% to 23%, which reflected the same cost over the remaining length of the agreement.
- 4.1.7 The total funding for the 6 month period in 2019-20 was advised by letter on 6 June 2019 to be £60.803m and this will be distributed based on the December 2018 Teacher number figures, with our share being £1.021 (£0.458m less than originally budgeted). As the increase was deferred until 1 September, the cost within 2019-20 is £0.667m less than budgeted for. The net surplus within 2019-20 is therefore £0.230m (£0.667m less £0.458m). This surplus can be earmarked until March 2023 to pay for the cost of the 0.6% increased rate each year, at which point the rate will be subject to further review.
- 4.1.8 In terms of the budget outlook and the future years estimate; the increased full year cost based on the rate of 23% (also reflecting the new teacher grading changes) is £2.147m and it is assumed that Scottish Government would continue to fund 79% of the cost, £1.696m. This gives a net cost to the Council of £0.451m, £0.063m more than first budgeted.
- 4.1.9 The table below summarises the estimated total funding in the mid-range scenario.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Estimated SG Funding	189,837	186,040	182,319
Council Tax Base	50,457	50,457	50,457
Council Tax Growth	252	506	761
UK Government Funding for Teachers Pensions	1,696	1,696	1,696
Earmarked Reserve funding brought forward for Teachers Pensions	63	63	63
<b>Total Estimated Funding</b>	<b>242,305</b>	<b>238,762</b>	<b>235,296</b>

## 4.2 Base Budget

4.2.1 The starting point for the base budget for 2020-21 is the 2019-20 approved budget adjusted for any one-off items as well as any other items that have an impact on the base.

4.2.2 There are adjustments required to the base budget from decisions by Council on 22 February 2018 and 21 February 2019, noted as follows:

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Base Budget 2019-20	243,048	243,048	243,048
Increase loans charges budget by £0.100m from 2020-21 to pay for prudential borrowing cost of £2.8m of capital expenditure on roads – agreed 22 February 2018	100	100	100
Remove Mod baseline funding from 2020-21 as additional one-off funding was agreed in 2019-20 and the base budget is no longer required – agreed 21 February 2019	(40)	(40)	(40)
Reduce budget for Events and Festivals to £0.090m from 2020-21 – agreed 21 February 2019	(23)	(23)	(23)
Reduce budget for Supporting Communities Fund to £0.090m from 2020-21 – agreed 21 February 2019	(8)	(8)	(8)
Local Plan Enquiry Cost Pressure of £0.068m agreed for 2019-20 to be reduced to £0.022m in 2020-21 and zero from 2021-22 – agreed 21 February 2019	(46)	(68)	(68)
<b>Total</b>	<b>243,031</b>	<b>243,009</b>	<b>243,009</b>

### 4.3 Employee Cost Changes

#### Pay Award

- 4.3.1 There are no changes to my previous assumptions around Local Government staff. A multi-year pay deal was agreed in March for SJC employees, Craft Workers and Chief Officers up to 2020-21 and this gives us certainty on the cost of the pay award to then. For 2021-22 and 2022-23 it has been assumed that the pay award would be within the range of 2.7% (best case) and 3.5% (worst case) with a mid-range of 3%
- 4.3.2 In terms of teachers, a pay deal was agreed covering the years 2018-19 to 2020-21. Additional funding was advised on 21 June in relation to 2019-20 which covers the impact of the enhancement COSLA's original pay offer to increase it from 2% to 3% for those earning more than £36,500 in 2018-19. It also covers the policy intervention in relation to the maingrade restructuring and the revaluation of all other SNCT pay scales from 1 April 2019 as agreed with COSLA. Finance staff have now concluded the calculations revising the teachers salary costs and the additional funding of £2.366m is sufficient to cover the cost in 2019-20. The funding has been built into future estimates (see para 4.1.1) and the additional expenditure is also built in.
- 4.3.3 As with Local Government employees the pay award in 2020-21 is known and the estimate is therefore much more certain. For 2021-22 and 2022-23 it has been assumed that the pay award would be within the range of 2.7% (best case) and 3.5% (worst case) with a mid-range of 3%.

#### Increments

- 4.3.4 There are no changes to my previous assumption around the cost of employee increments. It has been assumed that for the best case scenario the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2019-20 (£0.848m) and the mid-range is between the two.

#### Teachers Pensions Increase

- 4.3.5 Paragraphs 4.1.5 to 4.1.8 provide the latest position in respect of the increase in teacher's pensions costs. The base budget includes the original estimated full year cost of the teachers' pension scheme if it had been implemented on 1 April 2019 at a rate of 22.4% - a cost of £1.846m. As the rate is increasing by a further 0.6%, in addition to the grading changes, the full year cost has increased by £0.301m to £2.147m. This additional cost will need to be built into the employee increases and the additional funding has also been built in within the funding section. Overall, there is a nil effect on the budget outlook for the pension changes as the surplus in 2019-20 created by deferring the increase by 5 months has been assumed to be earmarked to pay for the increased cost in future years.
- 4.3.6 The table below summarises the employee cost increases in the mid-range

scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Pay Award	3,500	7,000	10,500
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366
Pay Award on Teachers Pay Deal 2019-20	71	144	219
Increments	424	848	1,272
Teachers Pensions Increase	301	301	301
<b>Total Employee Cost Changes</b>	<b>6,662</b>	<b>10,659</b>	<b>14,658</b>

#### 4.4 Non-Pay Inflation

- 4.4.1 There are no changes to the previous assumptions in respect of non-pay inflation. Only unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios and this is based on the non-pay inflation estimate for 2019-20. Within the worst case scenario, an additional 1% general inflation has also been included.
- 4.4.2 The finance team, in consultation with budget holders, will be reviewing the inflation assumptions during August/September and an update will be included with the October budget outlook report.
- 4.4.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Unavoidable/Inescapable	1,031	2,062	3,093
<b>Total Non-Pay Inflation</b>	<b>1,031</b>	<b>2,062</b>	<b>3,093</b>

#### 4.5 Cost and Demand Pressures

- 4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources. A number of future cost and demand pressures were already identified for Council Services as part of the 2019-20 budget. The finance team, in consultation with budget holders, have reviewed the cost and demand pressures and these are summarised in the table below with further detail included within Appendix 2. The cost and demand pressures will be regularly reviewed and updated throughout the year.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Universal Credit – HB Admin Grant	60	120	180
Asbestos Management Plan	87	135	135
ASN Demand	129	257	386
<i>NEW</i> - SEEMIS (Education Management Information System) membership fee	15	16	18
<i>NEW</i> - Third Sector Recycling	100	100	100
<i>NEW</i> - Oracle support costs	18	18	18
<b>Total</b>	<b>409</b>	<b>646</b>	<b>837</b>

- 4.5.2 When creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance is included within the best case scenario, £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.
- 4.5.3 I reported in my previous budget outlook report that there were two known costs pressures that have not been quantified at this stage in relation to the Waste Strategy/ban on Biodegradable Municipal Waste and the consolidation of the Living Wage (which will not impact the budget outlook until 2021-22). At this stage there are no further updates on these pressures, but they remain as unquantified pressures.
- 4.5.4 Officers have been liaising with Rothesay Pavilion Trust who have been reviewing their 5 year business plan. Further information will be presented to Committee once known.
- 4.5.5 The table below summarises the cost and demand pressures in the mid-range scenario for Council services. The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Previously Identified Cost and Demand Pressures	409	646	837
General Allowance	250	500	750
<b>Total Cost and Demand Pressures</b>	<b>659</b>	<b>1,146</b>	<b>1,587</b>

## 4.6 Health and Social Care Partnership

- 4.6.1 There are no changes to the previous assumption on the payment to the Health and Social Care Partnership. In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario, assumed a flat cash basis in the worst case scenario and the mid-range scenario is based

on a 1% reduction, being the indicative allocation for 2020-21 and 2021-22 agreed as part of the Council budget in March 2019. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.

- 4.6.2 Social Work services have already identified a number of cost pressures and these have been reviewed and updated and are summarised below within more information included within Appendix 3. These pressures are not included within the Council's budget gap, they will have to be managed by the Health and Social Care Partnership but are included within this report for information.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Pay Inflation	970	1,940	2,910
Pay Increments	46	92	138
Non-Pay Inflation	1,165	2,216	3,324
Care Services for Older People (Growth)	320	645	975
Care Services for Younger Adults	181	359	540
National Care Home Contract	308	625	952
Throughcare (previously included as Continuing Care)	232	406	580
Social Work Emergency Standby	150	150	150
Greenwood Hostel overnight staffing	50	50	50
Criminal Justice Development funding	50	50	50
Unknown Cost and Demand Pressures	500	1,000	1,500
<b>Total Cost Increase estimates for Social Work</b>	<b>3,972</b>	<b>7,533</b>	<b>11,169</b>

#### 4.7 Live Argyll

- 4.7.1 There are no changes to the previous assumption on the future payments to Live Argyll. For 2020-21 I have assumed the increase as previously agreed within the financial agreement. This agreement comes to an end at 31 March 2021 and for future years the assumption is the same as the Health and Social Care Partnership, that is:

- Best Case – reduction equal to mid-range Scottish Government funding reduction (2%).
- Mid-Range – 1% reduction
- Worst Case – flat cash.

#### 4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below. This is the budget gap prior to



factoring in any previous savings decisions or potential options towards balancing the budget.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Base Budget	243,031	243,009	243,009
Employee Cost Changes	6,662	10,659	14,658
Non-Pay Inflation	1,031	2,062	3,093
Cost and Demand Pressures	659	1,146	1,587
Increase/(Decrease) to HSCP allocation	(588)	(1,170)	(1,746)
Increase/(Decrease) to Live Argyll payment	96	58	21
<b>Total Estimated Expenditure</b>	<b>250,891</b>	<b>255,764</b>	<b>260,622</b>
Estimated Funding	242,305	238,762	235,296
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(8,586)</b>	<b>(17,002)</b>	<b>(25,326)</b>

#### 4.9 Measures to Balance the Budget

4.9.1 At this stage there are no changes to previous assumptions on measures to balance the budget. The measures include:

- Inflationary increase on fees and charges of between 1% (worst case) and 5% (best case) with a mid-range of 3%.
- Adjustment to previously agreed catering and cleaning saving in connection with shared services. I have assumed full delivery of the previously agreed saving of £0.446m in 2020-21 in the best case scenario and £0.172m of savings in the mid-range and worst case scenario by year 2021-22.
- Previously agreed management/operational and policy savings options.

4.9.2 Councils have had the discretion to increase Council Tax by a maximum of 3% each year since 2017-18. Councils were given the flexibility to increase the Council Tax for 2019-20 by 3% in real terms which the Scottish Government confirmed as 4.79%. It could be assumed that a similar increase would be permitted in future years, however, this has not been confirmed. For the budget outlook, I have assumed no increase in the worst case scenario, a 3% increase in the mid-range scenario and a 4.79% increase in the best case scenario.

4.9.3 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Fees and Charges Increase	275	550	825
Catering and Cleaning Service Choices	0	172	172
Management/Operational Savings Agreed October 2017	326	326	326
Management/Operational Savings Agreed February 2019 (as per agreed profile, shown as a negative as there was one off savings in 2019-20)	(452)	(692)	(692)
Policy Savings Agreed February 2018	1,286	1,286	1,286
Policy Savings Agreed February 2019	472	547	547
Council Tax Increase	1,521	3,111	4,772
<b>Total Savings already agreed</b>	<b>3,428</b>	<b>5,300</b>	<b>7,236</b>

#### 4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

4.10.1 The table below summarises the estimated budget gap in the mid-range scenario.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Estimated Budget Gap Prior to Measures to Balance Budget	<b>(8,586)</b>	<b>(17,002)</b>	<b>(25,326)</b>
Savings Measures	3,428	5,300	7,236
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(5,158)</b>	<b>(11,702)</b>	<b>(18,090)</b>
<b>Estimated Budget Surplus / (Gap) In Year</b>	<b>(5,158)</b>	<b>(6,544)</b>	<b>(6,388)</b>

4.10.2 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £18.090m with a gap of £5.158m in 2020-21.

4.10.3 In contrast, the budget gap in the best case scenario over the three years is £6.036m with a gap of £1.499m in 2020-21 and in the worst case scenario, the budget gap over the three years is £33.444m with a gap of £9.386m in 2020-21. A summary of all three scenarios is included within Appendix 1.

4.10.4 The changes from the previous budget outlook reported to Policy and Resources Committee on 16 May 2019 are summarised in the table below:

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
<b>Previously reported budget surplus / (gap) cumulative</b>	<b>(4,917)</b>	<b>(11,340)</b>	<b>(17,605)</b>
Additional estimated future years funding reduction after including teachers' pay award funding into base	(47)	(94)	(140)
Additional pay award in relation to additional funding	(71)	(144)	(219)
Adjustment to previous estimate for teachers pensions	10	10	10
New Cost and Demand Pressures	(133)	(134)	(136)
<b>Revised Budget Surplus / (Gap) Cumulative</b>	<b>(5,158)</b>	<b>(11,702)</b>	<b>(18,090)</b>

## 5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £18.090m with a gap of £5.158m in 2020-21. The Transformation Board have been exploring opportunities to protect/mitigate against future budget gaps and proposals will be brought forward in due course.

## 6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
- 6.3 Legal - None directly from this report but Council will need to balance the budget.
- 6.4 HR - None directly from this report but there is a strong link between HR and budgets.
- 6.5 Fairer Scotland Duty - None directly from this report but any proposals to address the estimated budget gap will need to consider equality and socio-economic impact.
- 6.6 Risk - None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
- 6.7 Customer Service - None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

**Kirsty Flanagan**  
**Head of Financial Services**  
**18 July 2019**

**Policy Lead for Strategic Finance and Capital Regeneration Projects -  
Councillor Gary Mulvaney**

**APPENDICES:**

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios

Appendix 2 – Cost and Demand Pressures (Council Services)

Appendix 3 – Cost and Demand Pressures (Social Work)

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048
Base Budget Adjustments	(17)	(39)	(39)	(17)	(39)	(39)	(17)	(39)	(39)
<b>Revised Base Budget</b>	<b>243,031</b>	<b>243,009</b>	<b>243,009</b>	<b>243,031</b>	<b>243,009</b>	<b>243,009</b>	<b>243,031</b>	<b>243,009</b>	<b>243,009</b>
Pay Award	3,500	6,650	9,800	3,500	7,000	10,500	3,500	7,583	11,666
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
Pay Award on Teachers Pay Deal 2019-20	64	130	197	71	144	219	83	169	258
Pay Increments	0	0	0	424	848	1,272	848	1,696	2,544
Change to employee base	0	0	0	0	0	0	0	0	0
Teachers Pensions Increase	301	301	301	301	301	301	301	301	301
<b>Total Employee Cost Changes (Council Services)</b>	<b>6,231</b>	<b>9,447</b>	<b>12,664</b>	<b>6,662</b>	<b>10,659</b>	<b>14,658</b>	<b>7,098</b>	<b>12,115</b>	<b>17,135</b>
<b>Non-Pay Inflation - Council Services</b>	<b>1,031</b>	<b>2,062</b>	<b>3,093</b>	<b>1,031</b>	<b>2,062</b>	<b>3,093</b>	<b>1,031</b>	<b>2,812</b>	<b>4,593</b>
Previously Agreed - HB Admin Grant	60	120	180	60	120	180	60	120	180
Asbestos Management Plan	67	115	115	87	135	135	107	155	155
ASN Demand	0	0	0	129	257	386	214	428	642
ASN Demand	15	16	18	15	16	18	15	16	18
SEEMIS membership fee	50	50	50	100	100	100	150	150	150
Third Sector Recycling	18	18	18	18	18	18	18	18	18
Allowance for Cost and Demand Pressures Future Years	0	0	0	250	500	750	500	1,000	1,500
<b>Total Cost and Demand Pressures</b>	<b>210</b>	<b>319</b>	<b>381</b>	<b>659</b>	<b>1,146</b>	<b>1,587</b>	<b>1,064</b>	<b>1,887</b>	<b>2,663</b>
<b>Adjustment to Health and Social Care Partnership Payment</b>	<b>(1,176)</b>	<b>(2,329)</b>	<b>(3,459)</b>	<b>(588)</b>	<b>(1,170)</b>	<b>(1,746)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustment to Live Argyll Management Fee</b>	<b>96</b>	<b>20</b>	<b>(54)</b>	<b>96</b>	<b>58</b>	<b>21</b>	<b>96</b>	<b>96</b>	<b>96</b>
<b>Total Estimated Expenditure PRIOR to measures to balance the budget</b>	<b>249,423</b>	<b>252,528</b>	<b>255,634</b>	<b>250,891</b>	<b>255,764</b>	<b>260,622</b>	<b>252,320</b>	<b>259,919</b>	<b>267,496</b>
Scottish Government Grant	190,805	187,943	185,124	189,837	186,040	182,319	188,868	184,146	179,542
UK Government Funding - Teachers Pensions	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696
Earmarked Reserves for Teachers Pensions	63	63	63	63	63	63	63	63	63
Council Tax	50,835	51,216	51,600	50,709	50,963	51,218	50,583	50,709	50,836
<b>Total Funding</b>	<b>243,399</b>	<b>240,918</b>	<b>238,483</b>	<b>242,305</b>	<b>238,762</b>	<b>235,296</b>	<b>241,210</b>	<b>236,614</b>	<b>232,137</b>
<b>Budget Surplus / (Gap) PRIOR to measures to balance the budget</b>	<b>(6,024)</b>	<b>(11,610)</b>	<b>(17,151)</b>	<b>(8,586)</b>	<b>(17,002)</b>	<b>(25,326)</b>	<b>(11,110)</b>	<b>(23,305)</b>	<b>(35,359)</b>
Measures to Balance the Budget:									
Fees and Charges	458	916	1,374	275	550	825	92	184	276
Catering and Cleaning Longer Term Redesign (Service Choices February 2016)	0	446	446	0	172	172	0	172	172
Management/Operational Savings Identified October 2017	326	326	326	326	326	326	326	326	326
Management/Operational Savings Identified February 2019	(452)	(692)	(692)	(452)	(692)	(692)	(452)	(692)	(692)
Policy Savings Options agreed February 2018	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286
Policy Savings Options agreed February 2019	472	547	547	472	547	547	472	547	547
Council Tax Increase	2,435	5,041	7,828	1,521	3,111	4,772	0	0	0
<b>Total Measures to Balance the Budget</b>	<b>4,525</b>	<b>7,870</b>	<b>11,115</b>	<b>3,428</b>	<b>5,300</b>	<b>7,236</b>	<b>1,724</b>	<b>1,823</b>	<b>1,915</b>
<b>Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget</b>	<b>(1,499)</b>	<b>(3,740)</b>	<b>(6,036)</b>	<b>(5,158)</b>	<b>(11,702)</b>	<b>(18,090)</b>	<b>(9,386)</b>	<b>(21,482)</b>	<b>(33,444)</b>
<b>Budget Surplus / (Gap) In Year AFTER measures to balance the budget</b>	<b>(1,499)</b>	<b>(2,241)</b>	<b>(2,296)</b>	<b>(5,158)</b>	<b>(6,544)</b>	<b>(6,388)</b>	<b>(9,386)</b>	<b>(12,096)</b>	<b>(11,962)</b>

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2020. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. It is too early to fully predict what the impact will be on the Council's caseload. DWP announce funding allocations each December. For 2019/20 we are benefitting from transitional protection. These figures represent our best estimates at this time.	60	120	180	60	120	180	60	120	180
Executive Director - Douglas Hendry	Commercial Services	There is an ongoing need for the Council to manage the activities associated with delivery of the Asbestos Management Plan. An earmarked reserve equivalent to £90k per annum was agreed by the Council in FQ2 2017 which should allow the management arrangements to be funded until the end of FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the best case scenario is that funding of the anticipated staff resource will continue to be required beyond the end of FQ2 2020 with no emergent asbestos related issues. The worst case scenario includes an allowance to deal with non-funded emergent issues associated with the management of asbestos.	67	115	115	87	135	135	107	155	155
Executive Director - Douglas Hendry	Education	The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. In 2018-19, there was a substantial increase in ASN provision, resulting in an overspend for that financial year. It is anticipated that growth continues over the next 3 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.	0	0	0	129	257	386	214	428	642
Executive Director - Douglas Hendry	Education	The SEEMiS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2019/20 to 2023/24. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2020/21. Indicative membership fees were provided for financial years 2021/22 to 2023/24 and these have been factored in accordingly.	15	16	18	15	16	18	15	16	18

NEW

COUNCIL COST AND DEMAND PRESSURES 2020-21 to 2022-23

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case			
			2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	
Executive Director - Pippa Milne	Roads and Infrastructure Services	A report was presented to Council on 27 June 2019 in relation to third sector recycling services and additional funding was agreed for KRL and Fyne Futures to continue the kerbside service delivery until March 2020. Officers were instructed to report back to Policy and Resources Committee prior to March 2020 once a full evaluation of options for future service delivery have been evaluated. Based on the additional funding that has been agreed within 2019-20, it is possible that this evaluation could indicate further cost pressure for future years. At this stage, a high level estimate of the costs across the scenarios has been made and these will be revised once the evaluation is completed.	50	50	50	100	100	100	150	150	150	NEW
Executive Director - Pippa Milne	ICT	The support for the Oracle e-business suite (The Council's financial system) was moved to a different supplier in 2018 to assist with revenue budget savings. It now transpires that this different supplier cannot provide the full level of support required. In moving back to Oracle for support, there is an increased cost.	18	18	18	18	18	18	18	18	18	NEW
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500	
<b>TOTAL</b>			<b>210</b>	<b>319</b>	<b>381</b>	<b>659</b>	<b>1,146</b>	<b>1,587</b>	<b>1,064</b>	<b>1,887</b>	<b>2,663</b>	

**SOCIAL WORK - COST AND DEMAND PRESSURES**

**APPENDIX 3**

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
All Services	Based on pay deal until 2020-21 and thereafter between 2.7% and 3.5% (mid-range 2%)	970	1,843	2,716	970	1,940	2,910	970	2,102	3,234
All Services	Cost of increments - the best case assumes the incremental cost is absorbed in the base budget changes, the worst case is based on the incremental cost in 2019-20 and the mid-range is in between the two.	0	0	0	46	92	138	91	182	273
All Services	Non-pay inflation - the largest element of the non-pay inflation is in respect of the Living Wage uplift.	1,153	2,192	3,288	1,165	2,216	3,324	1,176	2,238	3,357
Adult Care	The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case recognises the current capacity limits, the mid-range reflects 1.5% growth and the worst case reflects 3% growth. For 2019-20 this was absorbed within existing resources by changing the assessment and service provision processes.	0	0	0	320	645	975	641	1,302	1,983
Adult Services	There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes new demand will be met from attrition or reductions in existing services, the mid-range reflects demand of 1.5% and the worst case reflects demand of 3%.	0	0	0	181	359	540	362	718	1,080
Adult Services	National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 3% (in-line with the 2019/20 increase in the Scottish Living Wage rounded to the nearest whole number), the mid range reflects an increase of 4% and the worst case 5%. For 2019-20, this pressure was absorbed within the current underspend in this area.	231	469	714	308	625	952	385	782	1,190
Children and Families	Estimated cost of Throughcare Services for Young Adults leaving Continuing Care Services as they reach 21 from 1 April 2020 onwards. Children and Families will continue to have a responsibility up to the day before the affected Young Adults turn 26, should the Young Adults choose to continue to receive support. The cost pressure is based on the trend in expenditure on continuing care over the period 2014-15 to 2018-19. The mid-range assumes 5% demand, best case 2.5% and worst case 7.5%.	116	203	290	232	406	580	325	568	812



**SOCIAL WORK - COST AND DEMAND PRESSURES**

**APPENDIX 3**

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case			
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	
All Services	Social Work Emergency Standby, this has been covered from Franks Law funding in 2020-21 but not expected to be possible from 2020-21.	150	150	150	150	150	150	150	150	150	NEW
Adult Services	Greenwood Hostel overnight staffing - additional staffing required to meet fire safety requirements and the European Working time Directive re staff no longer being able to work back-to-back shifts even if they sleep all night.	50	50	50	50	50	50	50	50	50	NEW
Children and Families	Criminal Justice Development Funding. The approach from Scottish Government has changed in 2019-20 and the funding was built into revenue support grant instead of specific grant. This funding is needed for existing commitments and needs added back. It is being covered in 2019-10 from earmarking which will be exhausted by the end of the year.	50	50	50	50	50	50	50	50	50	NEW
All Services	Provision for Unknown Cost and Demand Pressures	250	500	750	500	1,000	1,500	750	1,500	2,250	
<b>Total</b>		<b>2,970</b>	<b>5,457</b>	<b>8,008</b>	<b>3,972</b>	<b>7,533</b>	<b>11,169</b>	<b>4,950</b>	<b>9,642</b>	<b>14,429</b>	

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****CUSTOMER SERVICES****15 AUGUST 2019****PERFORMANCE REPORT – FQ1 2019/20**

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**1. EXECUTIVE SUMMARY**

- 1.1 The Council's Planning and Improvement Framework sets out the process for presentation of the Council's quarterly performance reports. This paper presents the Policy and Resources Committee with the Customer Services and Strategic Finance performance reports and associated scorecards for FQ1 2019-20 (April – June).
- 1.2 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

## 2. INTRODUCTION

- 2.1 The Planning and Improvement Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Departmental performance reports with associated scorecards for performance in FQ1 2019-20 (April - June).

## 3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

## 4. DETAIL

- 4.1 The quarterly performance reporting template has been reviewed and update following improvements identified from the internal audit of Performance Management.
- 4.2 There are 3 changes to the template which has previously been submitted to the Policy and Resources Committee. The first shows the total number of success measures that are delivered by the Department or Council, which are then presented as the number on/off track (green or red). The second change is the detail of all success measures that are off-track for the reporting period, and the third is the inclusion of a visual illustration of performance trend.
- 4.2 The performance scorecard for Customer Services was extracted from the Council's Pyramid performance management system and is comprised of key performance indicators incorporating the four services that make up Customer Services. Likewise the scorecard for Strategic Finance comprises the key performance indicators for this service.

## 5. IMPLICATIONS

- |     |                           |  |
|-----|---------------------------|--|
| 5.1 | Policy                    | None   |
| 5.2 | Financial                 | None   |
| 5.3 | Legal                     | The Council has a duty to deliver best value under the Local Government Scotland Act 2003.           |
| 5.4 | HR                        | None   |
| 5.5 | Socio Economic/Equalities | None   |
| 5.6 | Risk                      | Ensuring performance is effectively scrutinised by members reduces reputational risk to the Council. |
| 5.7 | Customer Services         | None   |

Douglas Hendry, Executive Director – Customer Services

**For further information contact:**

Jane Fowler, Head of Improvement and HR

Kirsty Flanagan, Head of Strategic Finance

Council Performance Report – Customer Services	Period: April – June 2019
<b>SUMMARY OF PERFORMANCE - No. of Success Measures:</b> Green 64 Red 3 No Data 13 (Not Due To Report)	
<b>Delivering Our Outcomes</b>	
<b>Corporate Outcome 1 - People live active, healthier and independent lives</b>	
BO101 We ensure information and support is available for everyone	
1. Call abandon rate for the quarter at 4.3% well below target of 6.25%. 94.8% of calls dealt with at first point of contact (better than target of 91%). Voice automated switchboard successfully handled 10,418 calls, meeting the target of 79% effectiveness, whilst the voice automated payment service collected £451,913 from 2358 customers in FQ1.	
2. Web Team Led improvements <ul style="list-style-type: none"> <li>• Implementation of a new online booking and payment service for Oban pontoons that has had 67 users and brought in £3.4k income.</li> <li>• The local MyAccount Service has nearly doubled the number of subscribers to over 6,400 as a result of making it the authentication gateway to the new OPENportal online revenues service and property specific bin day look up.</li> </ul>	
3. The Communications Team was runner up 'In-house team of the year, Scotland' 2019 (awarded by the Public Relations and Communication Association)	
BO102 We provide support, prevention and opportunities to help people make better lifestyle choices	
1. All benefit claims were processed accurately. 100% of crisis grants processed within 1 day and community care grants within 15 days. Benefit change in circumstances processed in 5.96 days for the quarter well below target of 9 days.	
<b>Corporate Outcome 3 - Children and young people have the best possible start</b>	
BO107 The support and lifestyle needs of our children, young people and their families are met	
1. Successful implementation of Spring-Summer menu 2019	
2. Successful extension audit of quality management standard ISO 9001:2015 to include Campbeltown Grammar, Oban High and Kirn Primary	
<b>Corporate Outcome 5 - Our economy is diverse and thriving</b>	
BO110 We support businesses, employment and development opportunities	
1. NDR relief is at £14.429m in the first quarter of the year above target of £13.3m	
<b>Corporate Outcome 6 - We have an infrastructure that supports sustainable growth</b>	
BO113 Our infrastructure is safe and fit for the future	
1. Developed project briefs, working up detailed designs and preparation and issue of tender documents resulting in Property Design achieving a site start for 17 school summer holiday project amounting to circa £2.2M in value. Works to date have been implemented using existing staff resources augmented where necessary by the use of suitable external consultants.	
2. In addition to the schools project a site start has been achieved for the roofing project at Rothesay Swimming Pool. Project value £513k.	
3. The review of Argyll House is progressing well and the office has remained in use throughout.	
<b>Getting it right</b>	
BO115 We are efficient and cost effective	
1. Collection of Council Tax at end of June is 29.51% above the target of 29.30%	

2. SOCITM Benchmarking 2019 national report showing the Council’s ICT Department is ranked as the number 1 service in the UK in the key Cost and Performance KPI. The most cost effective and efficient ICT Service amongst UK local authorities
3. Successful delivery of the European Elections in accordance with Electoral Commission performance standards
BO116 We engage and work with our customers, staff and partners
1. Survey issued on Employment deal to employees as part of Living Wage project with over 700 responses during June
2. Close partnership working with Lord Lieutenants office in putting in place a ceremony for presentation of the British Empire Medal to Councillor MacMillan.

**Our Challenges**

**Current Short-term Operational Challenges [Include Service id]**

1. BO115 – Prolonged sickness absence in the HR and OD team over the quarter continues to cause issues in terms of capacity.
--

**Current Key Challenges and Actions to address the Challenges**

<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO101 We ensure information and support is available for everyone		
<p><b>1. Challenge</b> - To resolve system faults with Semaphore DTMF suppression software that are causing timeouts, issues with mediated payments and lower performance of the voice automated payment system.</p> <p><b>1. Action Detail</b> – The issues have been escalated as part of the Civica ICON PCI-DSS Project and there are 3 distinct areas of improvement being pursued:</p> <ul style="list-style-type: none"> <li>• 3 digit payment card references not being recognised by payment service provider Civica when card number begins with zero – bug fix</li> <li>• DTMF touchtones not being recognised by Semaphore supplier when call is from Vodafone devices – Examples being traced for analysis</li> <li>• Capacity issues on the Civica payment gateway causing timeouts as payments take more than 20 seconds to process. Escalated with supplier</li> </ul>		

<b>Carried Forward From Previous Quarter:</b> No	<b>Action Milestone Dates:</b> 23 <sup>rd</sup> August 2019	<b>Responsible Person:</b> Andrew Rudge – Project Manager
--	--	--

<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO107 The Support and Lifestyle Needs of Our Children, Young People and Their Families are Met.		
<p><b>2. Challenge</b> – Early Years meals phasing and implementation is creating pressure on the central team as they plan, co-ordinate, monitor and ensure compliance with the various statutory guidance.</p> <p><b>2. Action Detail</b> – A working group has been established and a co-ordinator has recently been appointed, to ensure that changes to the phasing and roll out is discussed within the group.</p>		

<b>Carried Forward From Previous Quarter:</b> Yes	<b>Action Milestone Dates:</b> On-going	<b>Responsible Person:</b> Jayne Jones
---	--	---

<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO110 We Support Businesses, Employment and Development Opportunities		
<p>3. <b>Challenge</b> – Personal Liquor Licence 10 year renewal has resulted in 300 plus applications in the first quarter.</p> <p>3. <b>Action Detail</b> – Programme in place to process all applications by the Scottish Government deadline in February 2020.</p>		
Carried Forward From Previous Quarter: No	Action Milestone Dates: 29 February 2020	Responsible Person: Susan Mair
<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO113 Our Infrastructure is Safe and Fit for the Future		
<p>4. <b>Challenge</b> - Delivery of the Council's Capital Works Programme for 19/20 on time and within budget</p> <p>4. <b>Action Detail</b> – Ensure best use of existing staff resources including experience, suitability to project and geographical considerations to minimise travelling time and maximise productivity. The engagement of suitable and experienced external designers to augment the in-house resources where additional capacity is required or to provide professional disciplines not carried out in-house. Fully engage with the Council's capital monitoring process to ensure early intervention action can be taken as necessary.</p>		
Carried Forward From Previous Quarter: Yes	Action Milestone Dates: 31 March 2020	Responsible Person: Ross McLaughlin/Craig Houston
<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO113 Our Infrastructure is Safe and Fit for the Future		
<p>5. <b>Challenge</b> – Implementation of robust Legionella Management Controls</p> <p>5. <b>Action Detail</b> – Plan has been prepared following Head of Service and Director meeting, reports will be presented to Departmental and Strategic Management Teams.</p>		
Carried Forward From Previous Quarter: Yes	Action Milestone Dates: On-going	Responsible Person: Ross McLaughlin/Craig Houston
<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO113 Our Infrastructure is Safe and Fit for the Future		
<p>6. <b>Challenge</b> – Provision of maintenance term contractor for Tiree and Coll</p> <p>6. <b>Action Detail</b> – Following an unsuccessful procurement, discussions have taken place with the local contractor and an agreement has been reached. The contract will be awarded once the pre-qualification checks have been concluded.</p>		



<b>Carried Forward From Previous Quarter:</b> Yes	<b>Action Milestone Dates:</b> 30 September 2019	<b>Responsible Person:</b> James Hamilton
<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO113 Our Infrastructure is Safe and Fit for the Future		
<p>7. <b>Challenge</b> – Helensburgh Waterfront Development Project – on 25 June a potential technical breach of the procurement regulations, associated with the Tender for the Public Works Contract was identified and brought to the attention of SMT.</p> <p>7. <b>Action Detail</b> – Helensburgh Waterfront Development Project – following discussions with SMT and after seeking further legal advice in respect of the potential legal challenges and risks to the project, the decision has been taken to abandon the current procurement exercise. Subsequently officers will move to initiate a new procurement exercise with the intention being, as far as possible, to minimise the delay to the overall project programme.</p>		
<b>Carried Forward From Previous Quarter:</b> No	<b>Action Milestone Dates:</b> 5 August 2019	<b>Responsible Person:</b> John Gordon
<b>Key Challenges and Actions to address the Challenges</b>		
<b>Business Outcome</b>		
<p>8. <b>Challenge</b> – Rothesay Pavilion Refurbishment – The Rothesay Pavilion Charity (RPC) who will be responsible for the operation and maintenance of the Pavilion following the completion of the refurbishment works have raised a number of issues which will require to be dealt with before the building re-opens.</p> <p>8. <b>Action Detail</b> – : On-going engagement with the Trust to review their business plan assumptions as appropriate.</p>		
<b>Carried Forward From Previous Quarter:</b> No	<b>Action Milestone Dates:</b> FQ2 2019/20	<b>Responsible Person:</b> RPN Project Manager and Strategic Finance
<b>Key Challenges and Actions to address the Challenges</b>		
Business Outcome BO115 We Are Efficient and Cost Effective		
<p>9. <b>Challenge</b> – Police Scotland have now published a tender for a soft facilities management services on the Public Contracts Scotland portal, however as an increasing number of Local Authorities have withdrawn from the consortium group, there is no longer scope to submit a consortium bid on behalf of Local Authorities.</p> <p>9. <b>Action Detail</b> – This will result in staff either being redeployed or subject to TUPE when a new provider is announced. It will also result in a reduction in external contract income for cleaning.</p>		
<b>Carried Forward From Previous Quarter:</b> Yes	<b>Action Milestone Dates:</b> 31 March 2020	<b>Responsible Person:</b> Jayne Jones

### Key Challenges Resolved In Previous Quarter

**Business Outcome** BO113 Our infrastructure is safe and fit for the future

1. Approval granted for the automation of awards of school clothing grants and free school meals in support of the Local Child Poverty Action Plan
2. Restructure within Customer Services has been completed to meet the savings target for 2019/20 in line with the budget process. New staff are in place and handovers completed.
3. Best Start Grants are being offered by registrars when registering births.

**Business Outcome** BO115 We are efficient and cost effective

1. Legionella management training has been trialed and will now be rolled out across the Council.

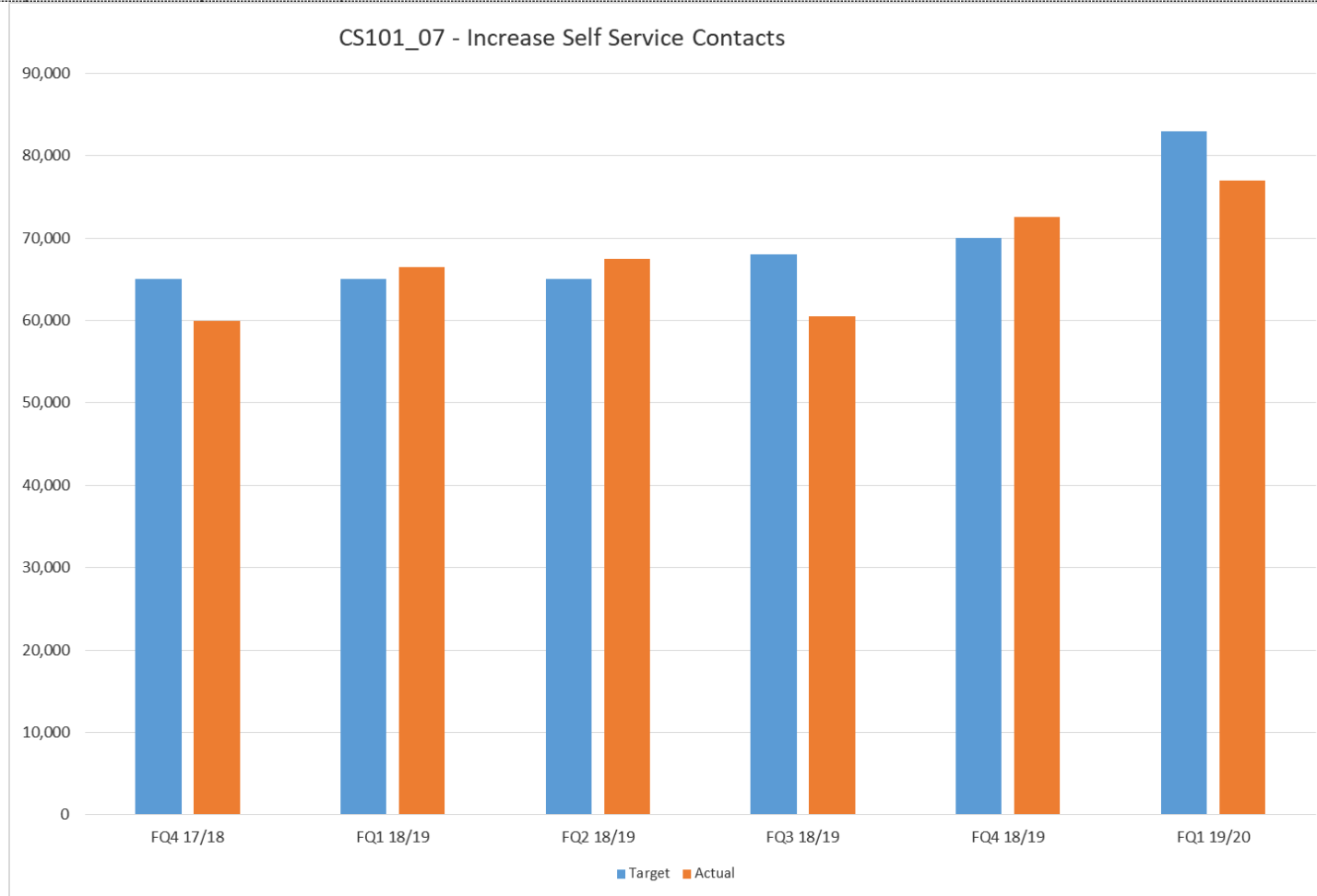
**Business Outcome** BO116 We engage and work with our customers, staff and partners

1. Outstanding actions from the Health and Safety Plan were reviewed and completed.

## Our Off-Track Performance Indicators

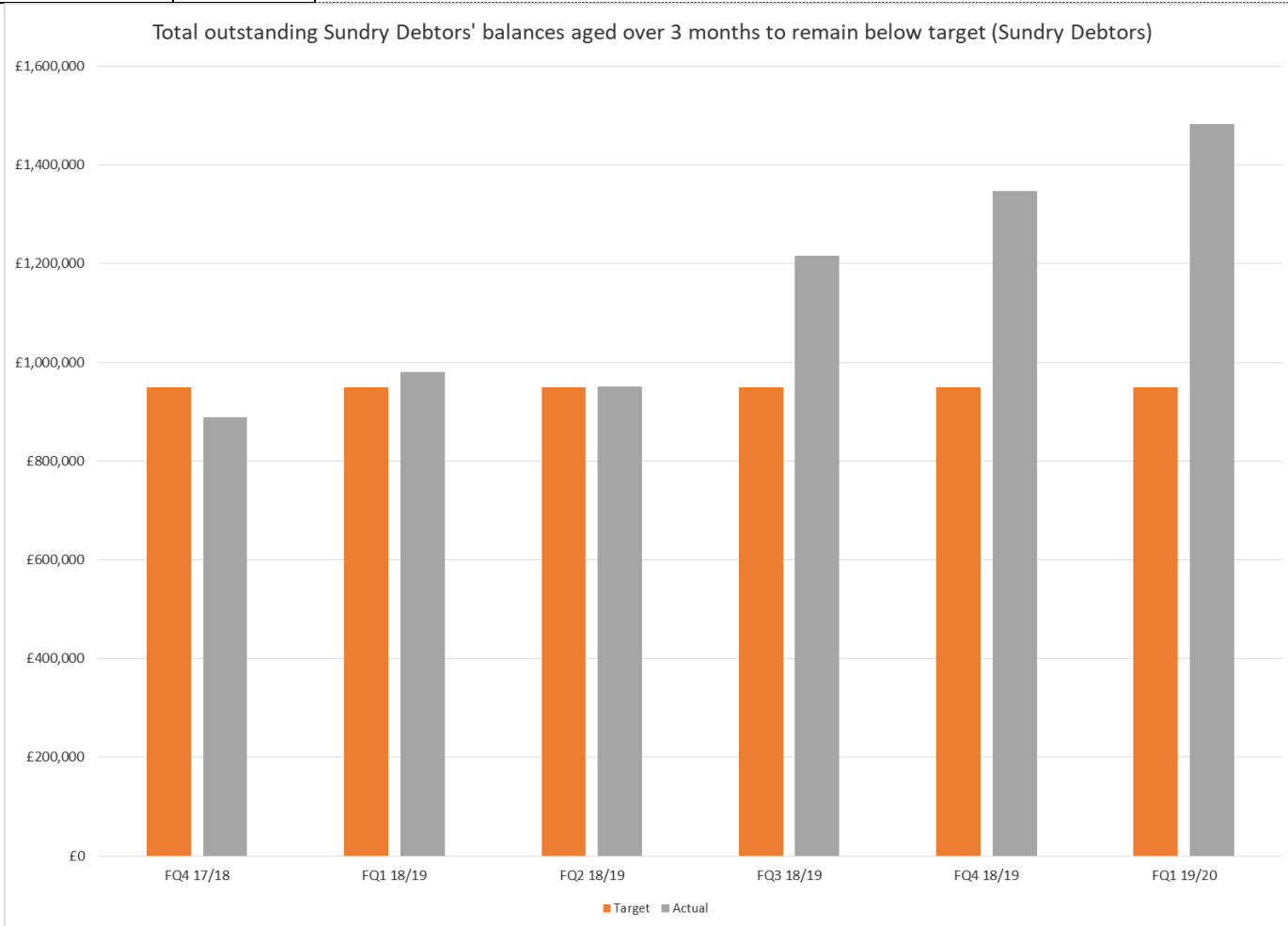
INDICATOR REF: CS101\_07-Increase Self Service Contacts (Customer Service Centre)

TREND	TARGET FQ1 19/20	ACTUAL FQ1 19/20	OWNER	COMMENTARY
↑	83,000	76,974	Robert Miller	<p>In FQ1 there were 76,974 online transactions - up from 66,455 for the same quarter the previous year and with a value of £127k in channel shift savings. It did not increase as much as forecast as it was benign weather period and failure demand from customers was low; hence they used online resources to report issues such as flooding, missed bins and potholes far less. In addition there were 14,487 voice automated transactions with the voice automated payments collecting £451,913 in payments.</p>



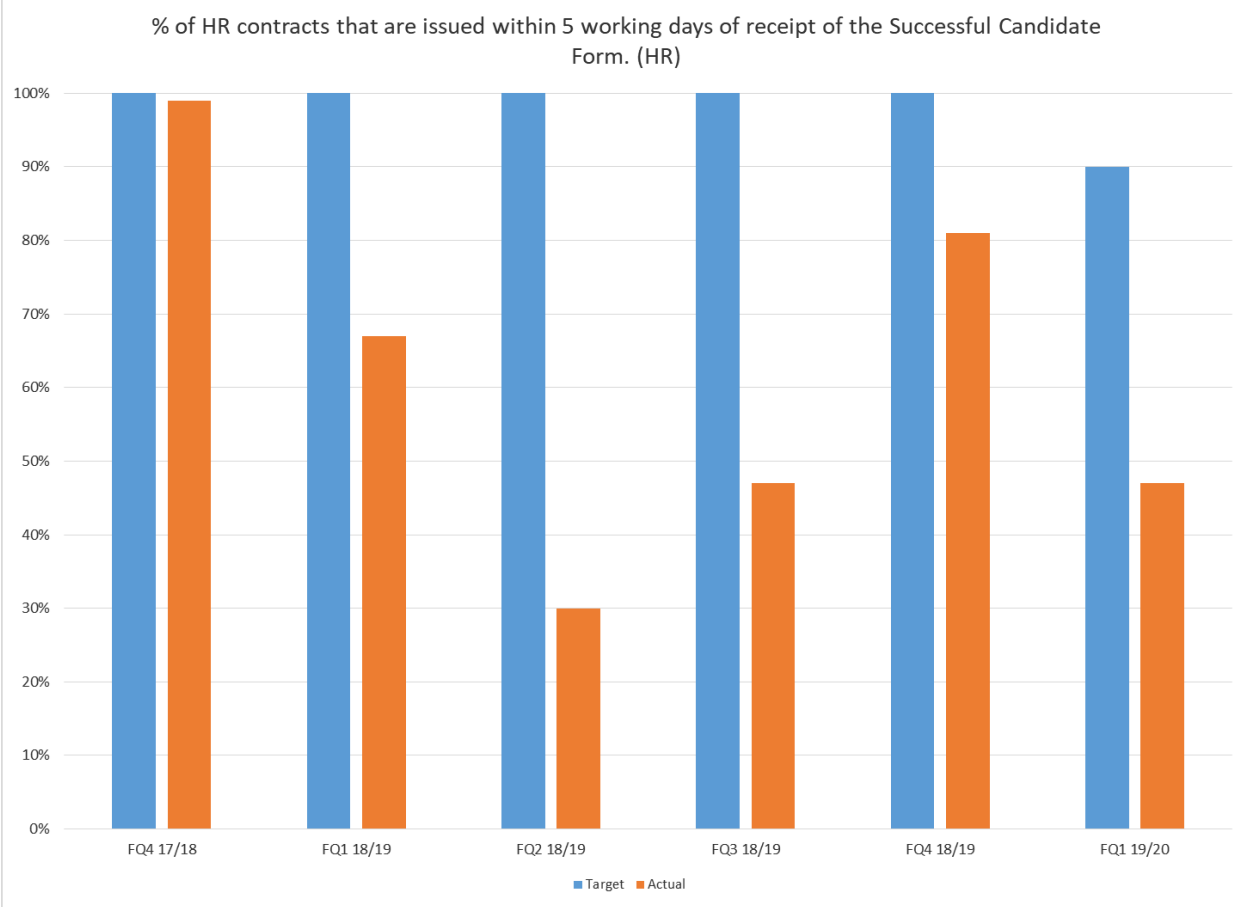
INDICATOR REF CS115\_04-Total outstanding Sundry Debtors' balances aged over 3 months to remain below target (Sundry Debtors)

TREND	TARGET FQ1 19/20	ACTUAL FQ1 19/20	OWNER	COMMENTARY
↓	£950,000	£1,482,168	Fergus Walker	This PI is over £582,000 greater than the target. Some big debtors with no immediate prospect of recovery affecting this PI. All debt is being pursued by Legal Services and is being disputed by the debtors or their executors as the case may be and the Council is taking court action in the majority of cases. Currently looking at possibilities for changing this PI. The CIPFA Directors of Finance collect information on the %ge of debt greater than 90 days old. This is being reviewed for Argyll and Bute and consideration will be given to mirroring this in our own performance monitoring regime.



INDICATOR REF IHR115\_06-Percentage of HR contracts that are issued within 5 working days of receipt of the Successful Candidate Form. (HR)

TREND	TARGET FQ1 19/20	ACTUAL FQ1 19/20	OWNER	COMMENTARY
↓	90%	47%	Tom Kerr	When compared to the same quarter in the previous year the demand for contracts and associated processes has increased by 40%. The team is not currently resourced to absorb this significant increase in demand as reflected by the performance against target. Demand will be kept under review in the coming months.





**Customer Services Scorecard 2019-22**

Scorecard owned by: **Douglas Hendry**

**FQ1 19/20**

Customer & Support Services

Facility Services

Governance & Law

Improvement & HR

[Click here for Council Scorecard](#)

[Click here for Management Information](#)

**BO101: We Ensure Information And Support Is Available For Everyone [CU Dept]**



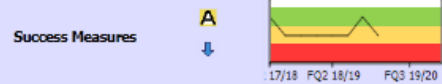
**BO110: We Support Businesses, Employment And Development Opportunities [CU Dept]**



**BO115: We Are Efficient And Cost Effective [CU Dept]**



**BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices [CU Dept]**



**BO112: Argyll And Bute Is Promoted To Everyone [CU Dept]**



**BO116: We Engage And Work With Our Customers, Staff And Partners [CU Dept]**



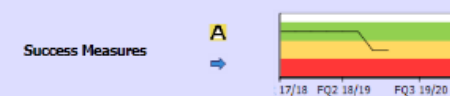
**BO104: Our Communities Are Supported And Protected [CU Dept]**



**BO113: Our Infrastructure Is Safe And Fit For The Future [CU Dept]**



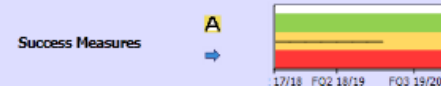
**BO117: We Encourage Creativity And Innovation To Ensure Our Workforce Is Fit For The Future [CU Dept]**



**BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met [CU Dept]**



**BO114: Our Communities Are Cleaner And Greener [CU Dept]**





**Customer Services Scorecard**  
**2019-22** FQ1 19/20  
 Scorecard owned by: **Douglas Hendry**

Click here  
for Full  
Scorecard

**Management Information**

<b>RESOURCES</b>					
<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence CU		1.88 Days	3.39 Days	<b>R</b>	↑
CU % of PRDs completed		90 %	97 %	<b>G</b>	↑
<i>Financial</i>					
	<i>Budget</i>	<i>Forecast</i>	<i>Status Trend</i>		
Finance Revenue totals CU	<b>Financial Reporting for FQ1 2019/20 is covered in the financial report presented at this committee</b>				
Capital forecasts - current year CU					
Capital forecasts - total project CU					
Asset management red risks	4	On track	3	<b>G</b>	→

<b>IMPROVEMENT</b>					<i>Status</i>
Improvement Plan	Total No	Off track	On track	Complete	
Outcomes CU	Actions	30	15	9	6
Customer Services Audit Recommendations	Overdue	0	Due in future	7	Future - off target
		→		↑	0
<b>Customer Service CU</b>	Customer satisfaction			94 %	↑
Customer Charter	Stage 1 Complaints			0 %	<b>G</b> ↓
Number of consultations	Stage 2 Complaints	0		0 %	<b>G</b> ↓

**Key Successes**

**Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.**

1. Unaudited Accounts prepared by 30 June deadline.
2. Annual Efficiency Statement reported to Council advising that we exceeded the 3% target, securing 4.14% of efficiency savings for 2017-18.
3. The 2018-19 outturn position was finalised in June 2019 and the performance against budget for Council retained services in financial year 2018-19 was an underspend of £2.009m. (Note the Council had to provide additional funding to the Health and Social Care Partnership of £3.127m which gave an overall overspend of £1.118m but the Social Work element was largely outwith the control of Council.) The Council retained services year-end underspend included savings as a result of diligent management around vacancy savings, enhanced contract management and decisions around borrowing, an underspend of fleet as a decision was made to delay the replacement of vehicles, as well as increased Council Tax Income collection over budget and a one-off refund of overpaid VAT.
4. Investment returns continue to exceed the benchmark rate of return – the rate of return for the 1<sup>st</sup> Quarter was 0.959% which compares favourably with the target of 7 day LIBID (London Interbank Bid Rate – the rate which banks are willing to borrow from other banks) which was 0.570% for the period.
5. Six audits were completed and a further four were in progress by the end of quarter 1. In addition the first scrutiny review under the new scrutiny framework was completed, scrutiny panels were held to advance the second review and the Audit and Scrutiny Committee approved the 2019-20 scrutiny plan which will feature reviews of the Council’s Economic Strategy, Strategic Housing Fund and Out of Authority Care Placements. Internal Audit also completed their review of organisational culture and agreed a joint action plan which combined the findings from that review with those identified by the Council’s 2019 staff survey.
6. From 1st April the treasury team began using the online Public Service Treasury Management (PSTM) system as a method of recording up to date live cash flows as opposed to recording historical data after the event. Currently this is still done in conjunction with a spreadsheet until we are certain it is running smoothly with the anticipation that within the coming months spreadsheets will no longer be used going forward. This has resulted in more efficient data recording with up to date live information available.

**Business Outcome BO05 – Information and support are available for everyone**

7. The Money Skills Argyll project has continued to deliver services to the public during the quarter with audit and payments continuing effectively. Plans are in place to recruit a new contract manager during Q2 to keep the project moving and increase the volume of activity coming through and we are continuing to engage with our delivery partners and the Big Lottery Community Fund in relation to case compliance and service improvement.

**Key Challenges and Actions Completed In Previous Quarter**

None to report at this stage. During the first quarter of the year the focus of attention for many staff within finance is on the production of the Unaudited Accounts.

**Short-term Operational Challenges**

1. Recruit a new contract manager to the money Skills Argyll Project and leverage the redesigned financial framework to increase the number of clients supported by the project partners.
2. The revenue forecast outturn position as at the end of June is a forecast overspend of £2.384m. This is made up of an overspend on Council Services of £0.077m as well as an overspend of £2.307m on Social Work Services within the Health and Social Care Partnership.
3. Building Resilience – as part of the restructuring some staff will be undertaking new tasks, learning new areas of work and as well as making sure



there is sufficient handover and procedures notes in place, it will be important that we ensure that we have enough resilience across the service in place to cover any future vacancies or periods of absence.

4. BV3 additional work – The two third tier managers within the service are both leading on a Best Value 3 theme and this will create additional workload. Update at end of Quarter 1 - Significant progress has been made on the BV3 preparation work in line with the Council's internal timetable.

#### Key Challenges and Actions to address the Challenges

##### Business Outcome BO05 – Information and support are available for everyone

1. Challenge: Significantly increase the number of people being supported by the Money Skills Argyll Project now that the financial structure of the project has been redesigned to meet the costs of service delivery.
1. Action: Recruit a new contract manager to increase capacity within the team to support partners, publicize the service and increase service activity.

#### Carried Forward From Previous Quarter – Y/N

Yes

#### Completion Due Date:

New contract manager in place by 30 June 2019. This was rescheduled to 30 July 2019 as the post required to be re-advertised.

#### Responsible Person

David Forshaw, Principal Accountant

#### Key Challenges and Actions to address the Challenges

##### Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.

2. Challenge: Close monitoring of the forecast outturn position to bring any forecast overspend position within budget or as close to within budget as is possible.
2. Action: If required, Council Services will actively pursue options to reduce any forecast overspend. Liaison with the Chief Financial Officer of the IJB on the recovery plan and provide support and assistance to reduce the forecast overspend position.

#### Carried Forward From Previous Quarter – Y/N

Yes

#### Completion Due Date:

Ongoing throughout the year.

#### Responsible Person

Kirsty Flanagan, Head of Financial Services

#### Key Challenges and Actions to address the Challenges

##### Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.

3. Challenge: Building resilience within the service.
3. Action: Programme of knowledge sharing and skills transfer ensuring appropriate procedure documents are in place to support service delivery.

#### Carried Forward From Previous Quarter – Y/N

No

#### Completion Due Date:

31 March 2020

#### Responsible Person

Kirsty Flanagan, Head of Financial Services

#### Key Challenges and Actions to address the Challenges

##### Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.

4. Challenge: Best Value 3 work
4. Action: Ensure that staff are supported and are able to prioritise the work required on Best Value 3. Project team within Finance in place to support the financial management theme.

<b>Carried Forward From Previous Quarter – Y/N</b> No	<b>Completion Due Date:</b> 30 September 2019	<b>Responsible Person</b> Laurence Slavin, Chief Internal Auditor Anne MacDougall, Finance Manager
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## Strategic Finance Scorecard 2019-22

Scorecard owned by: **Kirsty Flanagan** **FQ1 19/20**

[Click here for Full Outcomes](#)

[Corporate Support Team Scorecard](#)

[Departmental Support Team Scorecard](#)

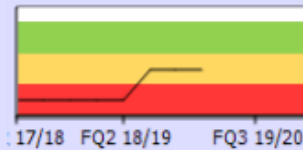
[Internal Audit Team Scorecard](#)

[Click here for Council Scorecard](#)

### BO102: We Provide Support, Prevention And Opportunities To Help People Make Better Lifestyle Choices[SF]

Success Measures

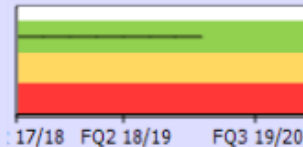
**A**



### BO115: We Are Efficient And Cost Effective [SF]

Success Measures

**G**



## Management Information

### RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF			3.8 Days		↓
PRDs SF		90 %	97 %	<b>G</b>	↑

### Financial

Budget Forecast

Finance Revenue totals SF

Capital forecasts - current year SF

Capital forecasts - total project SF

### IMPROVEMENT

Status

SF Service	Total No	Off track	On track	Complete
Improvements 2017-20	9	9		
Strategic Finance Audit Recommendations	Overdue	Due in future	Future - off target	
	0 →	4 ↓	0 →	
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete
Service H&S Plan Actions				
H&S Investigation Actions				
Customer Service SF	Customer satisfaction			
Customer Charter	<b>G</b>	Stage 2 Complaints		<b>G</b>
Number of consultations	0	Stage 2 Complaints		<b>G</b>

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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES  
COMMITTEE**

**CUSTOMER SERVICES**

**15 AUGUST 2019**

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**SERVICE ANNUAL PERFORMANCE REVIEWS 2018-19**

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## **1.0 EXECUTIVE SUMMARY**

1.1 The Council's Planning and Improvement Framework (PIF) sets out the process for presentation of the Council's Service Annual Performance Reviews (APRs).

1.2 This paper presents the Policy and Resources (P&R) Committee with the Service APRs 2018-19 for Customer Services.

1.3 It is recommended that the P&R Committee endorse the Service APRs 2018-19 as presented.

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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES  
COMMITTEE**

**CUSTOMER SERVICES**

**15 AUGUST 2019**

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**SERVICE ANNUAL PERFORMANCE REVIEWS 2018-19**

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**2.0 INTRODUCTION**

2.1 The Council's Planning and Improvement Framework (PIF) sets out the process for presentation of the Council's Service Annual Performance Reviews (APRs).

2.2 This paper presents the P&R Committee with the Service APRs 2018-19 for Customer Services and Strategic Finance.

**3.0 RECOMMENDATIONS**

3.1 Is it recommended that the P&R Committee endorse the Service APRs 2018-19 as presented.

**4.0 DETAIL**

4.1 The Service APR provides a summary of the key successes, improvements and case studies during the past year along with identified key challenges and actions to the address the challenges. Every consultation that has occurred is recorded - 'We Asked, You Said, We Did'. The results of consultation help to inform future service delivery.

The Service APR is supported with the Service Annual Scorecard 2018-19.(Appendix 1).

Each Service has identified evidence of good practice, these are illustrated and attached as Case Studies (Appendix 2).

## **5.0 IMPLICATIONS**

- |       |                      |  |
|-------|----------------------|--|
| 5.1   | Policy               | None   |
| 5.2   | Financial            | None   |
| 5.3   | Legal                | The Council has a duty deliver best value under the Local Government Scotland Act 2003.              |
| 5.4   | HR                   | None   |
| 5.5   | Fairer Scotland Duty | None   |
| 5.5.1 | Equalities           | None   |
| 5.5.2 | Socio-economic Duty  | None   |
| 5.5.3 | Islands              | None   |
| 5.6.  | Risk                 | Ensuring performance is effectively scrutinised by members reduces reputational risk to the council. |
| 5.7   | Customer Service     | None   |

**Douglas Hendry, Executive Director of Customer Services**

**Policy Lead: Cllr Rory Colville**

10 June 2019

**For further information contact:**

Jane Fowler, Head of Improvement and HR

## **APPENDICES**

Appendix 1: Customer Services and Strategic Finance Annual Performance Reviews  
2018-19

Appendix 2: Customer Services and Strategic Finance Case Studies 2018-19

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## Annual Performance Review 2018-2019

### Customer & Support Services

<b>KEY SUCCESSES</b>
<b>Key Improvements from previous year's annual performance review</b>
<b>Business Outcome 04 - Benefits are paid promptly and accurately</b>
<ol style="list-style-type: none"> <li>Benefit new claims processed within average of 18.7 days, better than last year's 22.2 days. 100% (up from 99.9%) of crisis grants processed within 24 hours and 100% of community care grants within 15 days.</li> <li>102.7% of Discretionary housing payment fund for year spent during year, maximising payments to those in need (up from 98.7%). 98.7% of Scottish Welfare Fund spend in year, up from 95.9%</li> </ol>
<b>Business Outcome 05 - Information and support are available for everyone</b>
<ol style="list-style-type: none"> <li>93.3% of calls resolved at first point of contact, up from 91.2%. Call abandon rate reduced from 5.8% to 4.6%.</li> <li>Voice Automated switchboard success rate increased from 77.9% in 17/18 to 78.8% in 18/19; directing 49.6k calls and voice automated payment increased from 11,108 (worth £1.151m) to 12,373 (worth £1,259m) over the same period.</li> </ol>
<b>Business Outcome 23 - Economic growth is supported</b>
<ol style="list-style-type: none"> <li>For full year we have paid 97.12% of invoices within 30 days – above last year's of 96.46%.</li> <li>NDR relief awarded increased to £15.7m from last year's £13.4m. Cost of discretionary relief kept within budget.</li> </ol>
<b>Business Outcome 27 - Infrastructure and assets are fit for purpose</b>
<ol style="list-style-type: none"> <li>Time to fix faults for year is 2.85 hours well below target of 4.5 hours and virtually identical to last year's 2.84 hours. Infrastructure down time reduced from 0.15% to 0.06%. Applications downtime reduced from 0.28% to 0.21%. Capital programme fully delivered.</li> <li>New server and storage environment set up for Kilmory Data Centre and migrations commenced smoothly.</li> </ol>
<b>Business Outcome 28 - Our processes are efficient, cost effective and compliant</b>
<ol style="list-style-type: none"> <li>Roll out of corporate mail system completed.</li> <li>New council tax and landlord online portal launched with increased range of facilities. Over 4,700 people signed up for eBilling at time of council tax prize draw in March 2019.</li> </ol>

<ol style="list-style-type: none"> <li>3. Upgraded call centre (Liberty4) installed, expanded range of facilities offered including Smart Assistant, new commercial waste, missed bins and taxi licenses scripts, noticeable reduction in avoidable contacts from 4.2% to 3.2%.</li> <li>4. 267,018 online transactions for year above target of 230,000 and above last year's 261,399 (up 2.1%). Percentage of contacts handled by telephony agents reduced from 23.5% to 20.6% reflecting shift to more cost-effective channels.</li> <li>5. We achieved in excess of £3.97m in procurement savings in 2018-19 (up from £3.1m in 2017-18).</li> </ol>
<b>Other Key Improvements during 2018/19</b>
<b>Business Outcome 04 - Benefits are paid promptly and accurately</b>
<ol style="list-style-type: none"> <li>1. Universal Credit Full Service went live on 19 September without any issues. Full awareness training sessions delivered in advance. Over 900 cases successfully migrated by end of year.</li> </ol>
<b>Business Outcome 05 - Information and support are available for everyone</b>
<ol style="list-style-type: none"> <li>1. Anti-poverty strategy approved, supporting Council to report on Local Child Poverty Actions (first report due end of June)</li> <li>2. New Instagram site ABplace2wed to promote weddings in our area launched.</li> <li>3. Won gold excellence award for our Passport Interview Service in category of Achieving Better Outcomes in Partnership.</li> <li>4. The Tell Us Once birth and death notification service was used by 1202 customers in 2018/19, the highest ever figure.</li> </ol>
<b>Business Outcome 27 - Infrastructure and assets are fit for purpose</b>
<ol style="list-style-type: none"> <li>1. Bespoke interconnect developed with H&amp;SCP to enable them to connect with council systems securely in a lower cost way.</li> <li>2. Socitm has advised us that initial results from benchmarking carried out in 2018/19 show that the Council's ICT service is one of the very best councils across the UK in terms of ICT performance and cost (i.e. high performing despite keeping costs low) which is a tremendous accolade. The formal report is due to be published shortly.</li> </ol>
<b>Business Outcome 28 - Our processes are efficient, cost effective and compliant</b>
<ol style="list-style-type: none"> <li>1. Socitm 4 star rating regained for council website (only 5 in Scotland and 39 in UK achieved this) and the new Web Strategy 2018-22 was implemented following a stakeholder and customer consultation.</li> <li>2. DTMF suppression of debit and credit card details completed for all telephone processing of card payments increasing security</li> <li>3. Score from independent Procurement and Commercial Improvement Programme Assessment increased to 79% and is in the top performance band.</li> <li>4. Achieving £201k additional council tax income above budget.</li> </ol>

## KEY CHALLENGES AND ACTIONS TO ADDRESS CHALLENGES

**Key improvements from previous year's APR not completed plus any additional challenges that have been identified**

### **Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Complete restructuring to meet savings target for 2019-20 and beyond in line with Council's budget – to produce improved council tax income and reduce cost of benefits processing; improved procurement savings through contract and demand management; reorganised ICT service desk and print room operation, and redesigned ICT applications team.

Action: Finalise putting staff into new structures, recruit to unfilled posts, plan and complete handovers to ensure smooth transition

Completion Date: 1 July 2019

### **Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Progress digital transformation, further increasing the level of online transactions

Action: Produce detailed action plan for 2019/20 and then ensure that actions carried out. Complete full roll out of Virtual Assistant chatbot information service online and via corporate facebook.

Completion Date: 31 March 2020

### **Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Reduce the level of sundry debt aged over 90 days

Action: Re-introduce sundry debt champions for each Service and ensure that they review older debt effectively, and remove credit where necessary

Completion Date: 31 March 2020

**Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Obtain PCI-DSS (Payment Card Industry Data Security Standard) full accreditation.

Action: Complete introduction of P2PE card terminals for face to face transactions (awaiting software from Mastercard) and then submit accreditation applications.

Completion Date: 31 July 2019

**Business Outcome 27 - Infrastructure and assets are fit for purpose**

Challenge: Finalise migration of applications to new Kilmory server environment, and then progress to upgrade of Helensburgh data centre where servers are now beyond expected life.

Action: Complete migration of Kilmory environment by end of May 2019. Create specification of replacement equipment required, tender and award contract, and then implement new equipment.

Completion Date: 31 March 2020

<b>CONSULTATION AND ENGAGEMENT</b>		
<b>Supports Business Outcome 05 - Information and support are available for everyone</b>		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
We asked about your satisfaction with the customer service which we offer	You said that you would like us to be more proactive in our communications	We have created a new outreach facility whereby customers can sign up to different types of alerts from the council.
<b>Supports Business Outcome 05 - Information and support are available for everyone</b>		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
What would make our website easier to use and more useful	You would like all content to be mobile adaptive as over half of all users access it from mobile devices. You would like better search facilities, and a single sign up to all online facilities	We have worked with our third party system suppliers to make their content mobile adaptive. We have introduced much improved search software. Our online portals now all use a single authentication mechanism.

**Judy Orr, Head of Customer & Support Services**  
**13 May 2019**

## Customer and Support Services – Annual Scorecard 2018/19

**Customer & Support Services Scorecard 2017-20**  
 Scorecard owned by: **Judy Orr**      **FY 18/19**

Click here for Full Outcomes

Customer Service Centre Team Scorecard

Procurement, Comm & Creditors Team Scorecard

Revenue & Benefits Team Scorecard

ICT Team Scorecard

Click here for Customer Services Scorecard

**BO04 Benefits are paid promptly and accurately [CS]**

Aligns to ABOIP Outcome No. 5      Success Measure G ↑

11/12    FY 15/16    FY 19/20

**BO05 Information and support are available for everyone [CS]**

Aligns to ABOIP Outcome No. 5      Success Measure A →

11/12    FY 15/16    FY 19/20

**BO23 Economic growth is supported [CS]**

Aligns to ABOIP Outcome No. 1      Success Measure G ↑

11/12    FY 15/16    FY 19/20

**BO27 Infrastructure and assets are fit for purpose [CS]**

Aligns to Council Outcome MIH      Success Measure A ↓

11/12    FY 15/16    FY 19/20

**BO28 Our processes and business procedures are efficient, cost effective and compliant [CS]**

Aligns to Council Outcome MIH      Success Measure A →

11/12    FY 15/16    FY 19/20

**Management Information**

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**RESOURCES**

People	Benchmark	Target	Actual	Status	Trend
Sickness absence CS		6.0 Days	9.7 Days	R	↓
PDRs CS		90 %	99 %	G	↑

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Financial	Budget	Forecast	Status	Trend
Finance Revenue totals CS	£K 7,273	£K 7,273	G	↓
Capital forecasts - current year CS				
Capital forecasts - total project CS				

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**IMPROVEMENT**

					Status	Trend
CS Service Improvements 2017-20	Total No	Off track	On track	Complete		
Actions	12	0	1	11	A	
Customer and Support Services Audit Recommendations	Overdue	Due in future	Future - off target			
	0 <span style="color: blue;">→</span>	1 <span style="color: blue;">↑</span>	1 <span style="color: blue;">↓</span>			
<b>Health &amp; Safety</b>	Overdue	Rescheduled	Actions in Plan	Complete		
Service H&S Plan Actions	0	0	10	10		
H&S Investigation Actions	0	0	0	0		
<b>Customer Service CS</b>	Customer satisfaction	91 %		↑		
Customer Charter	G	Stage 2 Complaints	98 %	G	↑	
Number of consultations	4	Stage 2 Complaints	100 %	G	→	

### Customer & Support Services Scorecard 2017-20

Scorecard owned by: **Judy Orr** **FY 18/19**

[Click here for Full Scorecard](#)

#### BO04 Benefits are paid promptly and accurately [CS]

Aligns to ABOIP Outcome No. 5 **Success Measure** **A** **↑**

BO04 Benefits are paid promptly and accurately - Net **£** Budget Forecast **£ 1,580,875** **£ 1,580,875** **↑**

CS04_01-All benefit changes in circumstances are processed promptly.	Actual 7.05 Days	Target 9.00 Days	Benchmark 9.00 Days	<b>↑</b>
CS04_02-All new benefit claims are processed promptly.	Actual 18.72 Days	Target 21.00 Days	Benchmark 21.00 Days	<b>↑</b>
CS04_03-All benefit changes in circumstances are processed accurately.	Actual 96.8 %	Target 95.0 %	Benchmark 95.0 %	<b>↓</b>
CS04_04-Crisis Grant applications are processed promptly	Actual 100.0 %	Target 99.0 %	Benchmark 99.0 %	<b>↑</b>
CS04_05-Community Care Grant applications are processed promptly	Actual 100.0 %	Target 90.0 %	Benchmark 82.0 %	<b>↑</b>
CS04_06-The annual spend of the Scottish Welfare Fund programme is maximised.	Actual 98.7 %	Target 97.5 %	Benchmark 97.5 %	<b>↑</b>
CS04_07-Distribute as much of the Discretionary Housing Payment [DHP] fund as possible to the most in need.	Actual 102.7 %	Target 95.0 %	Benchmark 95.0 %	<b>↑</b>
CS04_08-We are prepared for launch of Universal Credit Full Service in September 2018	Actual Complete	Target Complete	Benchmark Complete	<b>↑</b>

#### BO05 Information and support are available for everyone [CS]

Aligns to ABOIP Outcome No. 5 **Success Measure** **A** **→**

BO05 Information and support are available for everyone - Net **£** Budget Forecast **£ 0** **£ 0**

CS05_01-Maintain the low error rate of our Births, Marriages and Deaths registration service	Actual 2.0 %	Target 1.8 %	Benchmark 2.0 %	<b>↓</b>
CS05_02-Reduce the percentage of face-to-face Customer Service Centre (CSC) contacts as a total of all customer interactions	Actual 11.2 %	Target 16.0 %	Benchmark 12.5 %	<b>↑</b>
CS05_03-Reduce the percentage of Agent handled telephone calls as a total of all customer interactions	Actual 20.6 %	Target 21.5 %	Benchmark 21.0 %	<b>↑</b>
CS05_04-Maintain the average length of answered calls	Actual 3.59 minutes	Target 3.50 minutes	Benchmark 3.18 minutes	<b>↓</b>
CS05_05-Increase the percentage of calls that are dealt with at the first point of contact by the Customer Service Centres	Actual 93.3 %	Target 91.0 %	Benchmark 91.3 %	<b>↑</b>
CS05_06-Reduced the 'call abandoned' rate	Actual 4.6 %	Target 6.0 %	Benchmark 5.2 %	<b>↑</b>
CS05_07-Increase the percentage of successfully routed self-service calls	Actual 78.8 %	Target 79.0 %	Benchmark 78.8 %	<b>↑</b>
CS05_08-Maintain the percentage of customers who are satisfied or very satisfied with the service	Actual 90.7 %	Target 90.7 %	Benchmark 90.7 %	<b>↓</b>
CS05_09-Increase the total number of all online transactions	Actual 66,755	Target 67,000	Benchmark 67,380	<b>↑</b>
CS05_10-Implementation of "Bob's 11" digital projects proceeds to timetable following approval of business cases	Actual Complete	Target On track	Benchmark Complete	<b>↑</b>

#### BO23 Economic growth is supported [CS]

Aligns to ABOIP Outcome No. 1 **Success Measure** **C** **↑**

BO23 Economic growth is supported - Net **£** Budget Forecast **£ 1,268,132** **£ 1,268,132** **→**

CS23_01-Increase the percentage of local suppliers that bid for business through the procurement por	Actual 27.7 %	Target 20.0 %	Benchmark 15.3 %	<b>↓</b>
CS23_02-Increase the percentage of all Small Medium Enterprises [SMEs] that win council contracts	Actual 83.4 %	Target 75.0 %	Benchmark 83.0 %	<b>↑</b>
CS23_03-Increase the percentage of suppliers that are paid within 30 days	Actual 97.1 %	Target 95.0 %	Benchmark 93.8 %	<b>↑</b>
CS23_04-Maintain the percentage of purchase transactions done through systems.	Actual 55.0 %	Target 55.0 %	Benchmark 55.1 %	<b>↑</b>
CS23_05-Maintain the percentage of all Council spend that is either under a contract or a Service Le	Actual 90.00 %	Target 90.00 %	Benchmark 90.10 %	<b>↑</b>
CS23_06-Increase the number of tangible community benefits that are delivered through the contracts	Actual 45.8 %	Target 18.8 %	Benchmark 18.8 %	<b>↓</b>
CS23_07-The Net cost of Non-domestic Rates (NDR) discretionary relief remains within budget	Actual £K 147	Target £K 171	Benchmark £K 171	<b>↓</b>
CS23_08-Increase the total amount of Non-Domestic Rates (NDR) relief awarded.	Actual £ 15,743,109	Target £ 12,000,000	Benchmark £ 12,000,000	<b>↑</b>
CS23_09-No purchase order no payment project rolled out to 2 more services	Actual Complete	Target Complete	Benchmark Complete	<b>↑</b>
CS23_10-Procurement and Commissioning Strategy	Actual Complete	Target On track	Benchmark Complete	<b>↑</b>

#### BO27 Infrastructure and assets are fit for purpose [CS]

Aligns to Council Outcome MIH **Success Measure** **A** **↓**

BO27 Infrastructure and assets are fit for purpose - Net **£** Budget Forecast **£ 3,633,003** **£ 3,633,003** **→**

CS27_01-IT capital programme projects are delivered on time and within budget	Actual On track	Target On track	Benchmark On track	<b>↑</b>
CS27_02-During specified core time [which is linked to the service requirements] the unscheduled application down-time will be minimised.	Actual 0.21 %	Target 0.80 %	Benchmark 0.80 %	<b>↑</b>
CS27_03-During specified core time [which is linked to the service] the unscheduled infrastructure down-time will be minimised.	Actual 0.06 %	Target 1.00 %	Benchmark 1.00 %	<b>↑</b>
CS27_04-Our IT applications and databases are within one version of current...	Actual 81.47 %	Target 85.00 %	Benchmark 85.00 %	<b>↓</b>
CS27_05-Maintain the average time to resolve ICT incidents.	Actual 2.8 Hours	Target 4.5 Hours	Benchmark 4.5 Hours	<b>↑</b>
CS27_06-Seasonal upgrades completed on time as requested by our users.	Actual Yes	Target On track	Benchmark On track	<b>↑</b>
CS27_07-Maintain our high average success score achieved for our IT projects	Actual 88.3 %	Target 82.0 %	Benchmark 80.0 %	<b>↓</b>
CS27_08-ICT and Digital Strategy	Actual On track	Target Complete	Benchmark On track	<b>↑</b>

#### BO28 Our processes and business procedures are efficient, cost effective and compliant [CS]

Aligns to Council Outcome MIH **Success Measure** **A** **→**

BO28 Our processes and business procedures are efficient, cost effective and compliant - Net **£** Budget Forecast **£ 584,348** **£ 584,348** **↓**

CS28_01-Maintain the high level of Non-Domestic Rates [NDR]	Actual 97.24 %	Target 97.50 %	Benchmark 96.95 %	<b>↓</b>
CS28_02-Maintain the high level of Council Tax collection.	Actual 96.11 %	Target 95.50 %	Benchmark 95.50 %	<b>↑</b>
CS28_03-Maintain the current cost of collecting Council Tax per chargeable dwelling. <b>Annual Measure</b>	Actual £ 7.25	Target £ 7.25	Benchmark £ 9.09	<b>↑</b>
CS28_04-Total debt older than 3 months will remain below target.	Actual £ 1,346,807	Target £ 900,000	Benchmark £ 1,054,000	<b>↓</b>
CS28_05-New facilities for council tax e-bills and online transactions,	Actual Complete	Target Complete	Benchmark Complete	<b>↑</b>
CS28_06-Web Strategy	Actual On track	Target On track	Benchmark On track	<b>↑</b>
CS28_07-Customer Service Strategy	Actual On track	Target On track	Benchmark On track	<b>↑</b>

## Annual Performance Review 2018/19

### Facility Services

<b>KEY SUCCESSES</b>
<b>KEY IMPROVEMENTS FROM PREVIOUS YEARS' ANNUAL PERFORMANCE REVIEW</b>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
<ol style="list-style-type: none"> <li>1. Partial implementation of the transformation Option which combines management of the light and heavy fleet.</li> <li>2. Successful review of the job roles of staff within the School and Public Transport Team</li> <li>3. Agreement was reached on the day-to-day management arrangements for water quality temperature recording and flushing.</li> </ol>
<b>Business Outcome 18 - Improved Lifestyle Choices are Enabled</b>
<ol style="list-style-type: none"> <li>1. Catering and Cleaning Innovation Project is in progress.</li> <li>2. Successful review, improvement and implementation of new secondary menu to include daily specials and standardised main meal options across all secondary schools.</li> <li>3. Successful development and implementation of Autumn/Winter and Spring/Summer menus across all primary schools.</li> </ol>
<b>OTHER KEY IMPROVEMENTS DURING 2018/19</b>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
<ol style="list-style-type: none"> <li>1. Allocation of school transport at the beginning of the new academic year was achieved with few issues for approximately 3000 pupils.</li> <li>2. Service standards have been maintained within Integrated Transport despite vacancies and sickness absence.</li> <li>3. Reduction in initial increase in Lorn School and Public Transport contracts, due to successful partnership working with Procurement Team</li> <li>4. Joint working with Hermitage Academy to minimise disruption caused by ScotRail train cancellations/delays.</li> <li>5. Successful retendering of School and Public Transport contracts in Bute and Cowal.</li> <li>6. Central Repairs (Emergency, Planned and Statutory Maintenance Works) budget fully expended at financial year end and as agreed with Client Departments.</li> </ol>



<p>7. The Local Government Benchmarking Framework return for Corporate Asset indicators showed that the proportion of Gross Internal Floor Area (GIA) of operational buildings that is in satisfactory condition was 96.8% for 2017/18 (reported in 2018/19). This is greater than the Council target of 80%. It also showed that the suitability of operational buildings was 73.7% and this was greater than the target of 65%.</p> <p>8. A joint bid with colleagues from Development and Infrastructure to participate in the Scottish Governments Local Heat and Energy Efficiency Strategy (LHEES) pilot programme (phase 2) was successful. The bid focused on two key areas: Identifying opportunities for the decarbonisation of heat supply; and Energy efficiency in the domestic private rented sector. Each initiative sought over £40K funding over a one year implementation period, mainly to cover additional staffing resource.</p> <p>9. The Aqualibrium Heat from Sewer Project met the Scottish Government Low Carbon Infrastructure Transition Programme (LCITP) funding requirement on 20 March 2019 when heat was generated. The main outstanding items are electrical connection and some internal heating modifications with formal project completion expected early in 2019.</p> <p>10. Successful implementation of the Education Service and Facility Services Capital Programme.</p>
<p><b>Business Outcome 18 - Improved Lifestyle Choices are Enabled</b></p>
<p>1. Successful transition of catering and cleaning service staff to the new Oban High School.</p> <p>2. Quality management review carried out on catering and cleaning service to approve changes required for our continued use of ISO9001:2015. External Audit carried out in September 2018, ISO 9001:2015 compliance approved.</p> <p>3. Successful Food for Life inspection resulting in retention of the Bronze Food for Life award.</p>
<p><b>CASE STUDIES ILLUSTRATING THE POSITIVE CONTRIBUTION TO OUR COMMUNITIES</b></p>
<p><b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b></p> <p>Successful outcome to disruptive behavior on school transport. Negotiations with parents and Education Service took place and solutions were developed.</p>
<p><b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b></p> <p>Bus shelters at Ganavan Sands and Kerrera Ferry, requested by the community, have been successfully installed.</p>
<p><b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b></p> <p>The Energy &amp; Building Services Team's technical input into the Heat from Sewer at Aqualibrium, Campbeltown which is substantially completed on site and should deliver heat for the facility early in 2019/20 means that Argyll and Bute will benefit from a cleaner and greener environment.</p>

**Business Outcome 09 - Our assets are safe, efficient and fit for purpose**

The Property Maintenance Team's continued partnership approach to term maintenance contracts has resulted in locally based contractors being awarded contracts resulting in significant benefit to the Argyll and Bute economy. In addition, training and employment opportunities are being provided to Argyll and Bute residents through the community benefit requirements of these contracts.

**Business Outcome 18 - Improved lifestyle choices are enabled**

Continuing roll out of free sanitary products throughout Argyll and Bute.

**Business Outcome 18 - Improved lifestyle choices are enabled**

Pupil Focus groups carried out in schools to get menu feedback. Promotes pupil interaction with the service and allows pupils to get a better understanding of the menu and nutritional benefits of the options available.

KEY CHALLENGES AND ACTIONS TO ADDRESS CHALLENGES
<b>KEY IMPROVEMENTS FROM PREVIOUS YEARS' APR NOT COMPLETED PLUS ANY ADDITIONAL CHALLENGES THAT HAVE BEEN IDENTIFIED</b>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
Challenge: Complete implementation of Transformation option and transfer the car leasing function to Fleet Services
Action: Work with Fleet Manager
Completion Date 31 May 2019
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
Challenge: Integrated Transport staff merging with Fleet Services within D&I. Smooth transition to be achieved.
Action: Work with Fleet Manager and good communication channels with staff.
Completion Date: 30 June 2019

<b>KEY IMPROVEMENTS FROM PREVIOUS YEARS' APR NOT COMPLETED PLUS ANY ADDITIONAL CHALLENGES THAT HAVE BEEN IDENTIFIED</b>
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<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
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Challenge: Complete implementation of Transformation option and transfer the car leasing function to Fleet Services
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Action: Work with Fleet Manager
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Completion Date 31 May 2019
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<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
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Challenge: Integrated Transport staff merging with Fleet Services within D&I. Smooth transition to be achieved.
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Action: Work with Fleet Manager and good communication channels with staff.
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Completion Date: 30 June 2019
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<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
<p>Challenge: Police Scotland have advised that they will be issuing a tender for their cleaning and janitorial contract. This could lead to loss of income for the Council.</p> <p>Action: The 13 affected Local Authorities are considering whether a consortium bid can be submitted to try to retain this business.</p> <p>Completion Date: On-going</p>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
<p>Challenge: Food for Life inspection identified a number of issues in terms of incorrect purchasing of items in schools.</p> <p>Action: Review of management information from suppliers and follow-up from management team.</p> <p>Completion Date: March 2019</p>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>
<p>Challenge: Provision of Maintenance Term Contractor for Tiree and Coll.</p> <p>Action: In conjunction with colleagues from Procurement and Commissioning, alternative contractors/procurement routes are being pursued with a view to making an appointment on the basis of a direct award.</p> <p>Completion Date: End of FQ1 2019/20</p>
<b>Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>

Challenge: Legionella Management Training - the detail of how temperatures are recorded and how infrequently used outlets are flushed has been agreed with Client Departments and those undertaking the roles are to be trained.

Action: Flushing and temperature recording to be trialled in offices where Planning and Regulatory Services are the Facility Responsible Person and rolled out throughout the Council.

Completion Date: Ongoing programme

**Business Outcome 18 - Improved lifestyle choices are enabled**

Challenge: QKr pilot in JLB and Rhu primary schools – the pilot and evaluation of the on-line payment facility took up more time operationally and in resources than expected both centrally and in kitchens, and the service specific business benefits were not apparent.

Action: The decision has been made by the project board to discontinue the pilot to enable consideration of alternative options.

Completion Date: June 2018

**Business Outcome 18 - Improved lifestyle choices are enabled**

Challenge: Catering - Due to no changes having being made to the financial reporting systems to take account of the use of the Saffron management system and the information available therein, extra time was required to help reconcile year-end accounts and figures.

Action: Work on-going to the Saffron-Oracle interface in order to ensure outcomes and expectations of the systems are met.

Completion Date: On-going

**Business Outcome 18 - Improved lifestyle choices are enabled**

Challenge: Early Years meals phasing and implementation – continues to cause operational issues.

Action: The multi service working group continues to assist with this, as will the recently appointed co-ordinator, but progress can only be made if Facility Services staff are kept up to date with changes being made to the phasing and roll out of early years. This is being addressed directly via the working group.

Completion Date: On-going

**Business Outcome 18 - Improved lifestyle choices are enabled**

Challenge: The roll out of free sanitary products throughout Argyll and Bute.

Action: A short life working group has been established to develop a strategy for this, and the team are participating in regular COSLA meetings to monitor this.

Completion Date; On-going

<b>CONSULTATION AND ENGAGEMENT</b>		
<b>Supports Business Outcome 09 - Our assets are safe, efficient and fit for purpose</b>		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
Request for a review of bus shelter locations in Port Ellen from the community	Consultation took place with local residents via community council and through local transport forum. Results fed back to Integrated Transport Team.	Analysed options, identified solution, installed new bus shelter.
<b>Supports Business Outcome 18 - Improved lifestyle choices are enabled</b>		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
Menu consultations	On-going discussions with pupils in primary and secondary schools around the choices available. Feedback for secondary schools included: daily specials options, revamp the menu, more grab and go Primary school feedback included: improved salad bar, include favourites in new menu (e.g. steak pie, macaroni, chicken curry, pizza etc.)	Secondary menu changed to include suggestions and standardised across all schools. New primary menu included options from all Focus groups.

**Malcolm MacFadyen – Head of Facility Services**  
**25/05/2019**

Facility Services Annual Scorecard 2018/19

**Facility Services Scorecard 2017-20**

Scorecard owned by: **Malcolm MacFadyen** **FY 18/19**

[Click here for Full Outcomes](#)

[Catering & Cleaning Team Scorecard](#)

[Property Services Team Scorecard](#)

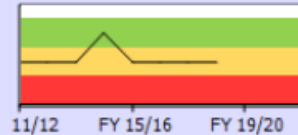
[Integrated Transport Team Scorecard](#)

[Click here for Customer Services Scorecard](#)

**BO09 Our assets are safe, efficient and fit for purpose [FS]**

Aligns to ABOIP Outcome No. 6

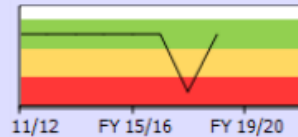
Success Measure **A** →



**BO18 Improved lifestyle choices are enabled [FS]**

Aligns to ABOIP Outcome No. 4

Success Measure **G** ↑



**Management Information**

**RESOURCES**

People	Benchmark	Target	Actual	Status	Trend
Sickness absence FS		9.1 Days	18.6 Days	<b>R</b>	↓
PDRs FS		90 %	91 %	<b>G</b>	↓

**Financial**

	Budget	Forecast	Status	Trend
Finance Revenue totals FS	£K 12,509	£K 12,632	<b>R</b>	↑
Capital forecasts - current year FS				
Capital forecasts - total project FS				

**IMPROVEMENT**

		Total No	Off track	On track	Complete	Status	Trend
FS Service Improvements 2017-20	Actions	4	0	2	2	<b>G</b>	→

Facility Services Audit Recommendations	Overdue	Due in future	Future - off target
	0 →	0 →	0 →

Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete
Service H&S Plan Actions	0	0	0	0
H&S Investigation Actions	0	0	0	0

Customer Service FS				Status	Trend
Customer Charter	Customer satisfaction	92 %		<b>R</b>	↓
Number of consultations	Stage 1 Complaints	50 %		<b>R</b>	↓
	Stage 2 Complaints	100 %		<b>G</b>	→

## Facility Services Scorecard 2017-20

Scorecard owned by: **Malcolm MacFadyen** FY 18/19

[Click here for Full Scorecard](#)

### BO09 Our assets are safe, efficient and fit for purpose [FS]

Aligns to ABOIP Outcome No. 6  
Success Measure **A** →

BO09 Our assets are safe, efficient and fit for purpose - Net

£

Budget £ 11,970,962 **A**  
Forecast £ 12,010,672 ↑

FS09\_01-All statutory tests, inspections and remedial maintenance for Council Properties are carried out.  
Actual Complete **G**  
Target Complete →  
Benchmark Complete

FS09\_02-The total mileage incurred by pool cars deployed for staff business use increases each year.  
Actual 66,063 miles **G**  
Target 63,144 miles ↑  
Benchmark 65,700 miles

FS09\_03-Deliver the Council's property related carbon reduction target  
Actual 49 % **R**  
Target 263 % ↓  
Tonnage to Date Tonnes 130

FS09\_04-Legionella Management - Deliver a structured Council wide training programme  
Actual On track to revised plan **G**  
Target On track →  
Benchmark On track to revised plan

FS09\_05-Our customer satisfaction reports show improved cleaning standards are rated good or above....  
Actual 97 % **G**  
Target 90 % ↓  
Benchmark 85 %

FS09\_06-Our school transport is regularly inspected.  
Actual 48 **G**  
Target 48 →  
Benchmark

FS09\_07-The average age of the light vehicle fleet is maintained at below 5 years.  
Actual 4.6 **G**  
Target 5.0 ↓  
Benchmark

FS09\_08-The average subsidy per passenger accessing council funded public transport is maintained...  
Actual £ 1.87 **G**  
Target £ 2.03 ↓  
Benchmark £ 1.84

FS09\_09-[08A].... operational buildings are maintained to a satisfactory condition.  
Actual 96.8 % **G**  
Target 80.0 % →  
Benchmark

FS09\_10-[08B]....ensures that operational buildings are suitable for their current use  
Actual 73.7 % **G**  
Target 65.0 % →  
Benchmark

FS09\_11-The Council's Property Capital Plan is delivered on time [for projects managed by Property Services]  
Actual On track **G**  
Target Complete →  
Benchmark On track

### BO18 Improved lifestyle choices are enabled [FS]

Aligns to ABOIP Outcome No. 4  
Success Measure **G** ↑

BO18 Improved lifestyle choices are enabled - Net

£

Budget £ 255,156 **R**  
Forecast £ 338,156 ↑

FS18\_01-All school meals have acceptable nutrition levels for all measureable vitamins and minerals  
Actual 0 **G**  
Target 0  
Benchmark 0

FS18\_02-Quality meals are provided to all pupils, within managed cost margins  
Actual 3.17 % **G**  
Target 5.00 % ↓  
Benchmark



## Annual Performance Review 2018-2019

### GOVERNANCE AND LAW

#### KEY SUCCESSES

##### Key Improvements from previous years' annual performance review

##### **Business Outcome 28 Our processes are efficient, cost effective and compliant**

1. Integrate GDPR regulations ,privacy notices for whole Council and IJB and new process to report breaches
2. Reduction in the number of Committee items taken in private

##### **Business Outcome 30 We engage with our customers, staff and partners**

1. Delivery of final elements of World War one 100 commemorations ,Islay National event and VC ceremonies
2. Support to Community Councils continues to be well regarded
3. CONTEST counter terrorism updated strategy from local implementation as part of Joint arrangements with West Dumbarton Council during 2019/20

##### Other Key Improvements during 2018/19

##### **Business Outcome 28 Our processes are efficient, cost effective and compliant**

1. Achieved external reaccreditation of Customer Service Excellence Award which highlighted that there had been considerable effort to enhance service delivery in a number of areas, justifying the award of further compliance pluses against the assessment criteria. The Governance and Law Team was also awarded a two Gold excellence awards in recognition of paperless project for meetings and support to World War one commemoration .The team also received special awards from the Provost for both of those projects.
2. Decision tracker process which Governance and Law report to SMT on progress on implementation of Council and Committee decisions.
3. Budget reconstruction exercise has resulted in a senior management reconfiguration down to third tier level in Governance and Law.
4. Review of the Terms of Reference for the IJB along with the development of a Code of Corporate Governance

**KEY CHALLENGES AND ACTIONS TO ADDRESS CHALLENGES**

**Key improvements from previous years' APR not completed plus any additional challenges that have been identified**

**Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Delivery of European Parliamentary Elections in the event the UK does not leave the EU by 31/3/2019

Action: Ensure core staff are available if required to support electoral process

Completion Date: 30/6/2019

**Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: There are a number of high tariff Court of Session and Sheriff Court actions and Planning Inquiries which are ongoing or in contemplation

Action: Ensure that the Council presents the most effective case it can in each of the individual cases supported as required by specialist advice

Completion Date: 31/3/2020

**Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant**

Challenge: Ongoing support to elected member PDP process

Action: Continue to support elected member development over the remaining life of this Council

Completion Date: 30/4/2022

**CONSULTATION AND ENGAGEMENT**

**Supports Business Outcome 05 - Information and support are available for everyone**

We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
Community Council Annual Survey	Positive Responses about Governance and Law issues remain around other services areas	Report to SMT highlighting positive feedback and issues for further work

**CHARLES REPPKE – Head Of Governance & Law**  
**3<sup>RD</sup> June 2019**

Governance and Law Annual Scorecard 2018/19

**Governance & Law Scorecard 2017-20**

Scorecard owned by: **Charles Reppke** FY 18/19

[Click here for Customer Services Scorecard](#)

[Click here for Full Outcomes](#)

[Central Governance Team Scorecard](#)

[Area Governance Team Scorecard](#)

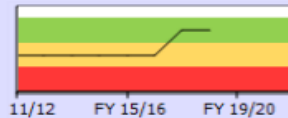
[Legal Corporate Team Scorecard](#)

[Legal Commercial Team Scorecard](#)

**BO10 Quality of life is improved by managing risk [GL]**

Aligns to ABOIP Outcome No. 6

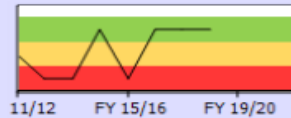
Success Measure **C** →



**BO17 The support needs of children and their families are met [GL]**

Aligns to ABOIP Outcome No. 4

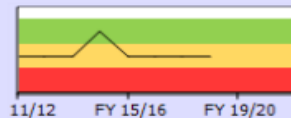
Success Measure **C** →



**BO23 Economic growth is supported [GL]**

Aligns to ABOIP Outcome No. 1

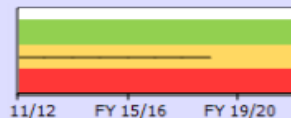
Success Measure **A** →



**BO28 Our processes and business procedures are efficient, cost effective and compliant [GL]**

Aligns to Council Outcome MIH

Success Measure **A** →



**Management Information**

**RESOURCES**

People	Benchmark	Target	Actual	Status	Trend
Sickness absence GL		6.0 Days	16.5 Days	<b>R</b>	↓
PDRs GL		90 %	95 %	<b>C</b>	↑

**Financial**

	Budget	Forecast	Status	Trend
Finance Revenue totals GL	£K 1,916	£K 1,910	<b>A</b>	↓
Capital forecasts - current year GL				
Capital forecasts - total project GL				

**IMPROVEMENT**

	Total No	Off track	On track	Complete	Status	Trend
GL Service Improvements 2017-20 Actions	5	0	0	5	<b>C</b>	

Governance and Law Audit Recommendations	Overdue	Due in future	Future - off target	Status	Trend
	0	0	0	<b>C</b>	→

Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete
Service H&S Plan Actions	0	0	5	5
H&S Investigation Actions	0	0	0	0

Customer Service GL	Customer satisfaction	Status	Trend
Customer Charter	86 %	<b>C</b>	↓
Number of consultations	100 %	<b>C</b>	→

### Governance & Law Scorecard 2017-20

Scorecard owned by: **Charles Reppke** FY 18/19

[Click here for Full Scorecard](#)

#### BO10 Quality of life is improved by managing risk [GL]

Aligns to ABOIP Outcome No. 6 **Success Measure**

BO10 Quality of life is improved by managing risk - Net **£** Budget £ 122,056 **Success Measure** Forecast £ 122,056

GL10\_01-Number of Anti-social Behaviour cases resolved within agreed timescale of 13 weeks Actual 100.00 % **Success Measure** Target 80.00 % Benchmark

#### BO17 The support needs of children and their families are met [GL]

Aligns to ABOIP Outcome No. 4 **Success Measure**

BO17 The support needs of children and their families are met - Net **£** Budget £ 33,698 **Success Measure** Forecast £ 33,698

Percentage of Children's Panel members /Area Support team that are satisfied with the Council support **Annual Measure** Actual 76 % **Success Measure** Target 75 % Benchmark 77 %

GL17\_01-Number of fully trained & serving Children's Panel members Actual 43 **Success Measure** Target 45 Benchmark

#### BO23 Economic growth is supported [GL]

Aligns to ABOIP Outcome No. 1 **Success Measure**

BO23 Economic growth is supported - Net **£** Budget £ -125,841 **Success Measure** Forecast £ -125,841

GL23\_01-The percentage of taxi license & civic government licenses with objections or representation...processed within 50 working days Actual 39 % **Success Measure** Target 95 % Benchmark

GL23\_02-The percentage of Personal liquor licenses with no objections...determined within 32 working days Actual 97.5 % **Success Measure** Target 95.0 % Benchmark

GL23\_03-The percentage of extended hours liquor license applications that are determined within 32 working days Actual 100 % **Success Measure** Target 100 % Benchmark

GL23\_04-The percentage of occasional liquor license applications that are determined within 32 working days Actual 100 % **Success Measure** Target 100 % Benchmark

GL23\_05-The percentage of applications for new Civic Government Licences with no objections or representations...determined within 32 working days [except Taxi] Actual 100.0 % **Success Measure** Target 100.0 % Benchmark

#### BO28 Our processes and business procedures are efficient, cost effective and compliant [GL]

Aligns to Council Outcome MIH **Success Measure**

BO28 Our processes and business procedures are efficient, cost effective and compliant - Net **£** Budget £ 1,681,745 **Success Measure** Forecast £ 1,681,745

GL28\_01-Percentage of responses made within the timescales for subject access requests under the Data Protection Act Actual 75 % **Success Measure** Target 100 % Benchmark

GL28\_02a-Percentage of draft minutes published and action mandates issued within a week - Central Committees Actual 99 % **Success Measure** Target 96 % Benchmark

GL28\_03-Percentage of Members very satisfied or satisfied with member services support Actual 96 % **Success Measure** Target 90 % Benchmark 90 %

GL28\_04-% of Members satisfied with new casebook facility for managing constituency workload **Annual Measure** Actual 30 % **Success Measure** Target 70 % Benchmark

GL28\_05-The performance standards set by the Electoral Commission are met Actual 10.00 **Success Measure** Target 10.00 Benchmark

GL28\_06-Percentage of Community Councils who feel supported by the service **Annual Measure** Actual 71.4 % **Success Measure** Target 75.0 % Benchmark

GL28\_07-Percentage of responses made within the timescales for Freedom of Information requests Actual 89 % **Success Measure** Target 100 % Benchmark

GL28\_08-Percentage of complaints resolved by frontline (Stage 1) resolution Actual 82.8 % **Success Measure** Target 75.0 % Benchmark

GL28\_09-The percentage of substantive responses for all urgent requests for legal advice ...within one working day Actual 100 % **Success Measure** Target 100 % Benchmark

GL28\_10-The percentage of responses for non-urgent requests for legal advice ..within 20 working days ...with no extension agreement Actual 100 % **Success Measure** Target 100 % Benchmark

GL28\_11-All property transactions...are completed by agreed date. Actual 100 % **Success Measure** Target 100 % Benchmark

GL28\_12-Section 75 Planning agreements are registered within 4 months from receipt of titles Actual 100 % **Success Measure** Target 100 % Benchmark



## Annual Performance Review 2018-19

### Improvement & HR

#### KEY SUCCESSES

##### Key Improvements from previous years' annual performance review

##### **Business Outcome B005 Information and support are available for everyone**

1. We have continued to develop social media as useful sources of information, have exceeded targets for followers and likes and have the most followed Instagram Page of any local authority in Scotland and are in the top 10 for the UK.
2. We developed [www.abplace2b.scot](http://www.abplace2b.scot) as a source of information from all partners and employers for people looking for jobs or considering moving to the area.

##### **Business Outcome 30 We Engage with our customers staff and partners**

1. A Wellbeing survey of staff was carried out in partnership with NHS colleagues and this has informed the Council's draft wellbeing strategy aimed at improving the wellbeing of our workforce.
2. An Employee survey was carried out to compare employee feedback to their experience of working for the Council in 2016.
3. We doubled the number of respondents to this year's budget consultation.
4. We developed the council's Research Officer role to include an engagement remit; a key initial aim of this role is to develop the council's practice in making clear to people the difference their consultation responses make to council decisions.

##### **Business Outcome 32 Our workforce is supported to realise its potential**

1. The impact assessments from the Argyll and Bute Manager programme have shown significant improvement in confidence and knowledge of delegates who have completed the programme. This programme continues to equip our managers with the skills and knowledge they need to manage staff in line with the council's policies and values.
2. The Council's training centre continues to receive the highest quality external verification reports and has further expanded its training offering by securing a new contract to deliver more Foundation apprentices and modern apprentices to over 25s. This is supporting our growing our own objectives and ensuring our workforce is fit for the future
3. The Council's Training Centre is on track to deliver 60 Modern Apprenticeships by 2020 and has access over £95k in funding to deliver accredited training through the Apprenticeship Levy. The team is also promoting workforce development graduate apprenticeships for existing employees.

### Other Key Improvements during 2018/19

#### **Business Outcome 28 Our processes and business procedures are efficient, cost effective and compliant**

1. The HR and OD team have implemented an online contracts module (the first council in Scotland to do so) which reduces significantly the time taken to prepare contracts of employment which was previously a labour intensive manual process. This allowed us to maintain the low cost of the service despite no significant reduction in the volume of demand for processing of contracts.
2. Cost of the HR function – as a result of the £574k reduction in the HROD service implemented in April 2019, there has been a significant reduction of cost in the service in relation to the CIPFA benchmarking, making the service overall highly cost effective for the service provided.

### KEY CHALLENGES AND ACTIONS TO ADDRESS CHALLENGES

#### **Key improvements from previous years' APR not completed plus any additional challenges that have been identified**

#### **Business Outcome 28 Our processes and business procedures are efficient, cost effective and compliant**

Challenge: The HROD redesign delivered significant savings and one of the assumptions underpinning the redesign was that the council's workforce would reduce. However reports discussed at the HR Board have shown that while FTE figures are decreasing, headcount in casual and temporary arrangements has been sustained through increasing use of casual and temporary contracts which generate additional processing demand for HROD team. This meant that for a period during the year demand was outstripping available resource on processing and impacted on the team's performance and wellbeing indicators.

Action: A process improvement project was implemented to further streamline processes and relieve pressure on the team. Further developments and improvements are planned to support automation, back office efficiency and self-service functionality.

Completion Date March 2020



**Business Outcome 28 Our processes and business procedures are efficient, cost effective and compliant**

Challenge Attendance continues to be a challenge with high levels of stress related absence across the organisation. In the service, the target for absence was not met as a result of a combination of long term medical related absences, which can be attributed to an older workforce.

Action: A corporate approach to attendance management and wellbeing has been developed and will be progressed in 2019/20 as part of a medium to long term approach. Regular review of attendance is carried out at management meetings.

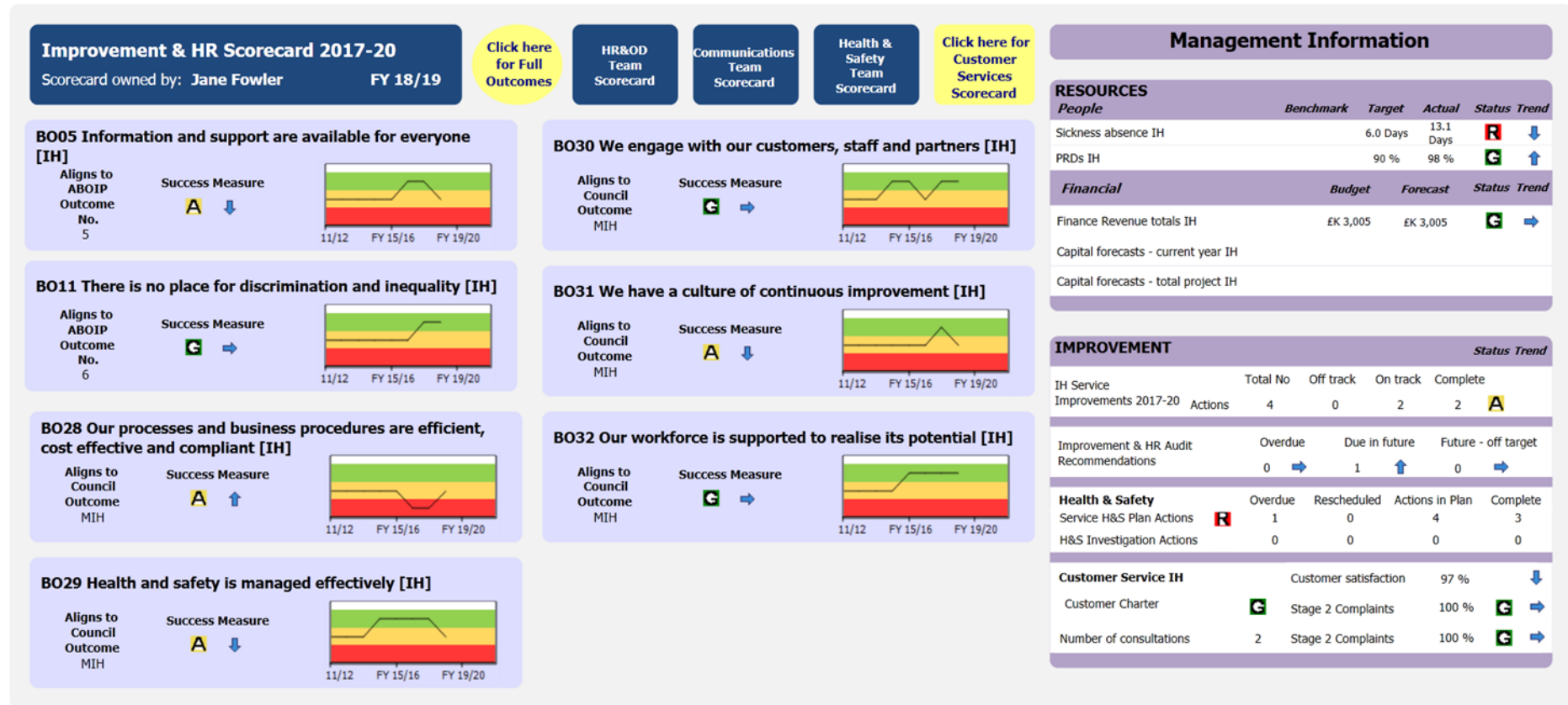
Completion Date March 2020

<b>Business Outcome 31 – We have a culture of continuous improvement</b>
<p>Challenge: A Programme of Self Evaluation using the ABIF was started in 2018 within the Customer Services Department. This was a pilot approach to agree the format and outcome of the workshops and the content of feedback to SMT and to members. The first complete self-assessment for the Communications Team has been completed and will be presented to the Audit and Scrutiny Committee in June 2019. Other workshops have been completed, but the outcome reports have not been finalised and reported as a result of the Performance team reprioritising resource to carry out work on BV3 preparation work.</p> <p>Action: The programme will be rescheduled and amended to take account of changes resulting from the Corporate Management Restructure, which impacts on teams and 3<sup>rd</sup> tiers. Overall completion of year one of the programme will slip by a quarter into FQ1 2020/21.</p> <p>Completion Date June 2020</p>

<b>CONSULTATION AND ENGAGEMENT</b>		
Supports Business Outcome....We engage and work with our customers staff and partners		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
We asked for opinion on what our Equalities Outcomes Should be	Largely you were happy with our proposals and we took on board some comments around gender and sex	We developed our new equalities outcomes and these have now been published
Supports Business Outcome....We engage and work with our customers staff and partners		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
We asked employees about their wellbeing, what impacts it and what areas they would like to improve	Staff identified a number of areas where they would like education and support to improve their wellbeing	We developed a wellbeing strategy with an action plan

**Jane Fowler, Head of Improvement and HR 05/06/2019**

## Improvement and HR Annual Scorecard 2018/19



### Improvement & HR Scorecard 2017-20

Scorecard owned by: **Jane Fowler** FY 18/19

[Click here for Full Scorecard](#)

#### BO05 Information and support are available for everyone [IH]

Aligns to ABOIP Outcome No. 5 **A** ↓

BO05 Information and support are available for everyone - Net **£** Budget **£ 0** Forecast **£ 0**

IHR05\_01-Maintain the number of positive news promotions that are issued. Actual 672 Target 270 Benchmark ↑

IHR05\_02-Issue Gaelic press releases to promote the language. Actual 19 Target 22 Benchmark ↓

#### BO11 There is no place for discrimination and inequality [IH]

Aligns to ABOIP Outcome No. 6 **C** →

BO11 There is no place for discrimination and inequality - Net **£** Budget **£ 0** Forecast **£ 0**

IHR11\_01-Publish an Equalities Mainstreaming report. Actual Complete Target On track

#### BO28 Our processes and business procedures are efficient, cost effective and compliant [IH]

Aligns to Council Outcome MIH **A** ↑

BO28 Our processes and business procedures are efficient, cost effective and compliant - Net **£** Budget **£ 733,773** Forecast **£ 733,773**

IHR28\_02-All HR contracts are issued within 5 working days of receipt of the Successful Candidate Form. Actual 57 % Target 100 % Benchmark 98 % ↓

IHR28\_03-Workforce plans that reflect the future needs of the organisation are in place and up to date. Actual Complete Target On track

IHR28\_01-Maintain the 'Cost per Employee' of the HR service in line with CIPFA Benchmarking. Actual 205 Target 339 Benchmark 349 ↑

#### BO29 Health and safety is managed effectively [IH]

Aligns to Council Outcome MIH **A** ↓

BO29 Health and safety is managed effectively - Net **£** Budget **£ 301,860** Forecast **£ 301,860**

IHR29\_01-Health and safety competence assessments for contractors are carried out within 10 working days. Actual 100 % Target 100 % Benchmark →

IHR29\_02-Percentage of accidents and incidents assessed and where applicable is initiated within 1 working day. Actual 100 % Target 100 % Benchmark 100 %

IHR29\_03-Corporate Health and Safety Plan. Actual Not on track Target On track

#### BO30 We engage with our customers, staff and partners [IH]

Aligns to Council Outcome MIH **C** →

BO30 We engage with our customers, staff and partners - Net **£** Budget **£ 259,835** Forecast **£ 259,835**

IHR30\_01-Increase Facebook followers. Actual 11,839 Target 6,985 Benchmark 6,425 ↑

IHR30\_02-Increase Twitter followers. Actual 12,500 Target 8,450 Benchmark 7,682 ↑

IHR30\_03-Communication enquiries are dealt with promptly and within deadlines. Actual 96.6 % Target 90.0 % Benchmark ↑

#### BO31 We have a culture of continuous improvement [IH]

Aligns to Council Outcome MIH **A** ↓

BO31 We have a culture of continuous improvement - Net **£** Budget **£ 832,405** Forecast **£ 832,405**

IHR31\_01-A Council-wide Self-evaluation programme is implemented according to agreed timescale. Actual On track to revised plan Target On track ↓

#### BO32 Our workforce is supported to realise its potential [IH]

Aligns to Council Outcome MIH **C** →

BO32 Our workforce is supported to realise its potential - Net **£** Budget **£ 605,057** Forecast **£ 605,057**

IHR32\_01-Percentage of respondents that are satisfied with the Corporate courses delivered based on completed evaluation forms. Actual 100 % Target 85 % Benchmark 85 %

IHR32\_02-Maintain the number of modern apprenticeships created & commenced. Actual 53 Target On track

IHR32\_03-Undertake an annual Learning Needs Analysis to ensure the future skill needs of the organisation can be met. Actual Complete Target On track

IHR32\_04-Actions in the Grow Our Own work plan are implemented on time. Actual Complete Target On track

IHR32\_05-Implement the Peoples Strategy. Actual On track Target On track

## Annual Performance Review 2018-19

### Strategic Finance

#### KEY SUCCESSES

##### Key Improvements from previous years' annual performance review

##### **Business Outcome 05 – Information and support are available for everyone**

1. Implemented a new Client Management System for the Money Skills Argyll Project.
2. The Money Skills Argyll KPI targets and unit costs were renegotiated with the Big Lottery Fund and the Scottish Government as part of a review of the wider programme of which Money Skills Argyll is a part. The new arrangements enabled the Council and our delivery partners to continue the project on a sure financial footing with realistic targets for client engagement and outcomes.

##### **Business Outcome 28 - Our processes are business procedures are efficient, cost effective and compliant.**

1. Implemented a new structure for Strategic Finance whilst continuing to provide an effective service to the Council. One of the key driving forces behind this redesign was to improve resilience across the team. Good progress has been made with this with different people being involved in key tasks, for example, statutory accounts, VAT process and corporate returns.
2. As part of the redesign within Strategic Finance, three trainee posts were recruited to and all successful applicants were internal. These trainees are all at different stages of their qualification which will allow a continual flow of qualified staff over the next three years.
3. Financial monitoring pack, including new savings monitoring report was submitted to each Policy & Resources Committee.
4. The Head of Strategic Finance undertook the additional responsibility of Chief Financial Officer for the IJB between December 2018 and May 2019 and established enhanced reporting and control arrangements for the Health and Social Care Partnership and presented a balanced budget for 2019-20.
5. In support of the roll out of the new scrutiny arrangements, two days of training was delivered to a group of elected members and council officers at the end of August 2018. After this was delivered the scrutiny panels for the two 2018-19 scrutiny topics were agreed. The first scrutiny review was reported to the Audit and Scrutiny Committee in June 2019.

##### Other Key Improvements during 2018/19

##### **Business Outcome 28 - Our processes are business procedures are efficient, cost effective and compliant.**

1. The External Audit of Annual Accounts was completed by 30 September deadline and unqualified Audit Certificate received.

2. Positive External Audit Annual Audit Report received and reported to Council in November 2018.
3. Two members of Strategic Finance staff completed their accountancy exams, with one being a prize winner in two categories.
4. All PRDs for the service, with the exception of staff on maternity or extended sick leave were completed.
5. VAT User manual and a VAT e-learning module were created to increase awareness of VAT across the Council.
6. The average investment rate for 2018-19 was 0.846% compared to the average 7 day LIBID rate of 0.507%. The investments generated £0.732m of interest in 2018-19.
7. Management of the debt portfolio resulted in a decrease in the average interest rate of 0.23% due to a decrease in long term borrowing, overall the reduction in interest payments resulted in a net General Fund saving of £0.600m.

## KEY CHALLENGES AND ACTIONS TO ADDRESS CHALLENGES

### Key improvements from previous years' APR not completed plus any additional challenges that have been identified

#### **Business Outcome 28 – Our processes are business procedures are efficient, cost effective and compliant.**

Challenge

Development of a Capital Strategy to comply with revised Prudential and Treasury Management Codes.

Action

Capital Strategy is being developed with input from Link Asset Services and will be completed by October 2019.

Completion Date: 31 October 2019

#### **Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

Challenge

Streamline our Treasury Management processes with a view to moving this to paperless.

Action

Some work has been undertaken on this but due to a long term absence progress was not as originally planned. Further review of current procedures and introduce electronic signatures.

Completion Date: 31 December 2019

**Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

Challenge

Ensure that our systems and process are set up to enable us to comply with “Making VAT Digital” legislation.

Action

The deadline was moved from 1 April 2019 to 1 October 2019 by HMRC. We are prepared to submit our first digital return in line with the deadline and will further review our current processes, with assistance from our VAT Advisors to ensure that we are fully digital for the next deadline of 1 October 2020.

Completion Date: First Digital Return to be ready for submission by 1 October 2019 and fully digital by 1 October 2020  
Fully digital by 1 October 2020

**Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

Challenge

Review revenue budget monitoring risk matrix, ensuring there is sufficient monitoring of high risk areas.

Action

Risk matrix to be reviewed and risks categories to be updated and engagement meetings with budget holders are focused on the high risk areas.

Completion Date: 31 December 2019

**Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

Challenge

As a result of management restructure, rebuild the management hierarchy within the financial system to ensure that management reports can be obtained from the system.

Action

Ensure that every cost centre is assigned to a Head of Service/Business Outcome and build hierarchy within the system. Update management reports to allow for the exporting of information into the management reports format.

Completion Date: 31 July 2019

**Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

**Challenge**

Engagement with SMT and Members to improve on the current capital monitoring reporting arrangements.

**Action**

Development Session/Questionnaire to be worked through with SMT and Members to obtain feedback on what works well and what could be improved within the report.

Completion Date: 31 October 2019

**Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.**

**Challenge**

Review of loans charges.

**Action**

Finance have engaged the services of their Treasury Advisors, Link Asset Services to carry out a review of loans charges. There has been a live debate that has been ongoing for a number of months around changing the repayment periods of loan debt principal. The debate has concluded that the Section 95 officer now has more flexibility to consider altering the repayment period as long as it is “prudent”. Based on our current principal repayments, this may give some flexibility to repay some debt over longer periods, therefore, reducing the annual loan charge repayment. This will be quantified and reported to Members later in the year.

Completion Date: 31 October 2019



## CONSULTATION AND ENGAGEMENT

Supports Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
Sought the views of our citizens as part of the budget process	A good response was received to the budget consultation.	The findings from the consultation exercise were considered by Members as part of the budget.
Supports Business Outcome 28 – Our processes and business procedures are efficient, cost effective and compliant.		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
Client surveys at the end of each internal audit.	Responses are generally positive.	Each area of improvement is discussed at the Internal Audit Team development sessions to improve on future audit experiences.
Supports Business Outcome 05 – Information and support are available for everyone		
We asked (focus of consultation)	You said (customer response)	We did (improvement actions)
The Council and local MSA partners identified substantial issues in relation to the financing and payment triggers within the project.	Partners highlighted the financial difficulties they were experiencing as a result of inadequate funding and that this was further compounded by the volatile and unpredictable nature of the payment values.	We worked collaboratively with partners to develop a revised financial model which included revised charge rates for services designed to fully recompense partners for the costs they were incurring and a simpler and more predictable payment mechanism which used set fees for work done. The proposal was submitted to and subsequently agreed with the Big Lottery Fund and Scottish Government and was implemented retrospectively with partners paid additional sums for work done since the commencement of services in July 2017.

**Kirsty Flanagan, Head of Strategic Finance**  
**4 July 2019**

Strategic Finance Annual Scorecard 2018/19

**Strategic Finance Scorecard 2017-20**

Scorecard owned by: **Kirsty Flanagan** **FY 18/19**

[Click here for Full Outcomes](#)

[Corporate Support Team Scorecard](#)

[Departmental Support Team Scorecard](#)

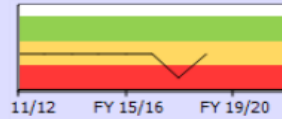
[Internal Audit Team Scorecard](#)

[Click here for Council Scorecard](#)

**B005 Information and support are available for everyone [SF]**

Aligns to ABOIP Outcome No. 5

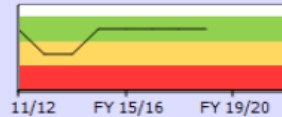
Success Measure **A** ↑



**B028 Our processes and business procedures are efficient, cost effective and compliant [SF]**

Aligns to Council Outcome MIH

Success Measure **G** →



**Management Information**

**RESOURCES**

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		6.0 Days	7.6 Days	<b>R</b>	↑
PRDs SF		90 %	97 %	<b>G</b>	↑
Financial	Budget	Forecast			
Finance Revenue totals SF	£K 1,654	£K 1,654		<b>G</b>	→
Capital forecasts - current year SF					
Capital forecasts - total project SF					

**IMPROVEMENT**

	Total No	Off track	On track	Complete	Status
SF Service Improvements 2017-20	5	5			
Strategic Finance Audit Recommendations	Overdue 0	Due in future 6	Future - off target 0		→
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions	0	0	0	0	
H&S Investigation Actions	0	0	0	0	
Customer Service SF		Customer satisfaction	100 %		↑
Customer Charter	<b>G</b>	Stage 2 Complaints	100 %	<b>G</b>	→
Number of consultations	1	Stage 2 Complaints	100 %	<b>G</b>	→

## Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan** FY 18/19

[Click here for Full Scorecard](#)

### BO05 Information and support are available for everyone [SF]

Aligns to ABOIP Outcome No. 5  
Success Measure **A** ↑

BO05 Information and support are available for everyone - Net **£** Budget **£ 0** Forecast **£ 0**

Metric	Actual	Target	Benchmark	Status
SF05_01-Number of new participants engaging in projects each month	5	80		<b>R</b> ↓
SF05_02-Number of participants who sign up to a personal action plan	1	58		<b>R</b> ↓
SF05_03-Number of participants who have completed 100% of their personal action plan	0	43		<b>R</b> ↓

### BO28 Our processes and business procedures are efficient, cost effective and compliant [SF]

Aligns to Council Outcome MIH

Success Measure **C** →

BO28 Our processes and business procedures are efficient, cost effective and compliant - Net **£**

Budget **£ 1,654,174** Forecast **£ 1,654,174**

Metric	Actual	Target	Status	Metric	Actual	Target	Status	Metric	Actual	Target	Status
SF28_01-Production of Unaudited Accounts	Complete	On track	<b>C</b> →	SF28_08-Medium to Longer Term Financial Plan reviewed and updated	On track	On track	<b>C</b> →	SF28_15-Risks Management Overview Report approved.	Complete	On track	<b>C</b> →
SF28_02-Production of Audited Accounts	On track	On track	<b>C</b> →	SF28_09-Participate in formal annual benchmarking for Accountancy	On track	On track	<b>C</b> →	SF28_16-Review of Strategic Risk Register	On track	On track	<b>C</b> →
SF28_03-Annual Efficiency Statement Produced	Complete	On track	<b>C</b> →	SF28_10-Return on investment of surplus funds at least equal to 7 day money market LIBID [London Int	0.8230 %	On track	<b>C</b> →	SF28_17-Annual Audit Plan approved by 31 March	Complete	On track	<b>C</b> →
SF28_04-Budget outlook reviewed and updated	On track	On track	<b>C</b> →	SF28_11-Review treasury management practice (TMP) statements	100 %	On track	<b>C</b> →	SF28_18-Percentage of audits completed in audit plan.	100 %	On track	<b>C</b> →
SF28_05-Revenue and capital monitoring reports prepared.	Complete	On track	<b>C</b> →	SF28_12-Investment Strategy Produced	Complete	On track	<b>C</b> →	SF28_19-Percentage of audit recommendations accepted by management.	100 %	On track	<b>C</b> →
SF28_06-Comprehensive financial monitoring pack prepared	On track	On track	<b>C</b> →	SF28_13-Annual Treasury Management Report Produced	Complete	On track	<b>C</b> →	SF28_20-Internal Audit Client Feedback Survey	100 %	On track	<b>C</b> →
SF28_07-Distribution of routine reports to budget holders	On track	On track	<b>C</b> →	SF28_14-Annual Risk Assurance Statements completed by Services	On track	On track	<b>C</b> →				

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## CASE STUDIES ILLUSTRATING THE POSITIVE CONTRIBUTION TO OUR COMMUNITIES

### CUSTOMER SERVICES

#### Business Outcome 05 - Information and support are available for everyone

##### Welfare Reform Working Group (C&SS)

We work closely with registered social landlords, DWP, Skills Development Scotland, NHS, Citizens Advice, Bute Advice, AliEnergy and others through the Welfare Reform Working Group to mitigate the adverse impacts of welfare reform changes. We have ensured that the number of households affected by the benefit cap is reduced to 21. We have developed a comprehensive Anti-Poverty Strategy which will ensure this type of work is better co-ordinated and will deliver improved outcomes in future. We are working on automation of entitlement to free school meals and school clothing grants for school session 2019/20. We worked together to prepare for the introduction of Universal Credit Full Service from September 2018 and put in place arrangements to deliver personal budgeting support and digital skills support. 970 cases were migrated to Universal Credit by the end of the financial year. We implemented the new 24/7 Smart Assistant online information service to the website, that was used by 4143 customers in 2018/19; 27% of who got the information they needed without Agent input.

##### Digital Recruitment (IHR)

Using digital communication, we established an approach to recruitment promotion which is already evidencing success in attracting applicants: our successful fostering recruitment campaign has been shortlisted for two national communication awards.

#### Business Outcome 09 - Our assets are safe, efficient and fit for purpose

##### Negotiations with parents and Education (FS)

Successful outcome to disruptive behavior on school transport. Negotiations with parents and Education Service took place and solutions were developed.

##### Bus shelters (FS)

Bus shelters at Ganavan Sands and Kerrera Ferry, requested by the community, have been successfully installed.

<p><b>Aqualibrium Sewer(FS)</b></p> <p>The Energy &amp; Building Services Team’s technical input into the Heat from Sewer at Aqualibrium, Campbeltown which is substantially completed on site and should deliver heat for the facility early in 2019/20 means that Argyll and Bute will benefit from a cleaner and greener environment.</p>
<p><b>Keeping It Local (FS)</b></p> <p>The Property Maintenance Team’s continued partnership approach to term maintenance contracts has resulted in locally based contractors being awarded contracts resulting in significant benefit to the Argyll and Bute economy. In addition, training and employment opportunities are being provided to Argyll and Bute residents through the community benefit requirements of these contracts.</p>
<p><b>Business Outcome 18 - Improved lifestyle choices are enabled</b></p>
<p><b>Free Sanitary Products (FS)</b></p> <p>Continuing roll out of free sanitary products throughout Argyll and Bute.</p>
<p><b>School Menu’s (FS)</b></p> <p>Pupil Focus groups carried out in schools to get menu feedback. Promotes pupil interaction with the service and allows pupils to get a better understanding of the menu and nutritional benefits of the options available.</p>
<p><b>Business Outcome 23 - Economic growth is supported</b></p>
<p><b>Non Domestic Rates Relief (C&amp;SS)</b></p> <p>Businesses are supported in gaining non-domestic rates relief. In 2018-19 we granted relief of £15.7m up from £13.4m in 2017/18. We implemented the new and improved property relief, day nursery relief, and renewable energy hydro relief smoothly and received a number of compliments about this excellent service.</p> <p>We encourage local businesses to bid for council contracts. In 2018/19 local companies were successful in winning 49 contracts with a value of £29.4m out of 70 contracts bid for with a value of £34.1m. We work closely with Business Gateway to ensure they have the skills and knowledge to be successful in their bids for this type of work.</p>

<p><b>Business Outcome 27 - Infrastructure and assets are fit for purpose</b></p> <p><b>Kilmory Data Server (C&amp;SS)</b></p> <p>We have completed the provisioning of a replacement to the server and storage for our main Kilmory data centre resulting in a more efficient and cheaper ICT infrastructure which will service the council's needs going forward. Local NHS users have migrated to the council's CareFirst system which will now be used as a combined health and social care case management system. A new ferry ticketing system has also been implemented for council run ferries.</p>
<p><b>Business Outcome 28 - Our processes and business procedures are efficient, cost effective and compliant</b></p> <p><b>Printers And Postage (C&amp;SS)</b></p> <p>We have replaced local printers with networked multi-function devices which can be used securely and simply by any council staff member – being able to collect prints from any council office they are visiting. We now issue low cost text reminders to customers to remind them to pay council tax instalments, which reduces the number of printed reminders which have to be printed and posted – which is a better service for customers as well as saving money.</p>
<p><b>Business Outcome 30 - We engage with our customers, staff and partners</b></p> <p><b>Argyll And Bute Remembers Project (G&amp;L)</b></p> <p>The project Argyll and Bute Remembers resulted in the production of a glossy booklet showcasing the work done over the four years of commemoration ,as well as online content .This has been very well received by the wider community ow Argyll and Bute</p>
<p><b>Support To Community Councils Survey (G&amp;L)</b></p> <p>Support to community councils most recent survey .shows that Governance and Law support continues to be seen in very positive terms .The annual survey is reported to SMT and will be used as evidence in the BV3 submissions</p>
<p><b>Partnership Working (IHR)</b></p> <p>Our team carried out a complex consultation process in Partnership with Live Argyll and our colleagues in the NHS to inform the creation of a joint British Sign Language plan for Argyll and Bute. The plan has agreed outcomes and actions from relevant partners and stakeholders to improve equality for people who use BSL.</p>

## CASE STUDIES ILLUSTRATING THE POSITIVE CONTRIBUTION TO OUR COMMUNITIES

### STRATEGIC FINANCE

#### **Business Outcome 05 – Information and support are available for everyone**

The Money Skills Argyll project has had many challenges throughout 2018-19. At the beginning of the year a new client management system was implemented. This simplified the client data collection for the service and streamlines the activity which provided a much more effective and efficient way of tracking activity, identifying payment and reporting against the KPIs. We also implemented new financial and operational arrangements, including for example, re-pricing and calculation of backdated payments due to partners and redesign of ongoing payment mechanism to pick up new payment triggers. We worked with the local Partnership and Big Lottery Fund to improve the overall programme with a view to making it more sustainable and deliverable. The KPI targets and unit costs were renegotiated with the Big Lottery Fund and the Scottish Government as part of a review of the wider program of which Money Skills Argyll is a part. Access to support has been enhanced through an agreement with Allenergy for them to expand the range of services they provide through them commencing work on Digital Inclusion in addition to the Fuel Poverty work they were undertaking previously.



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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES  
COMMITTEE**

**CUSTOMER SUPPORT SERVICES**

**15 AUGUST 2019**

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**LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 – ANALYSIS  
AND COMMENTARY**

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**1.0 EXECUTIVE SUMMARY**

1.1 This paper presents the final Local Government Benchmarking Framework (LGBF) 2017/18 data for Argyll and Bute which includes our 'Telling Our Story' and 'Looking Forward – Expected Impact on Indicator' commentary from Heads of Service.

1.2 It is recommended that the Policy and Resources Committee (PRC):

- Considers the contents of the report for scrutiny activity and performance reporting purposes.
- Notes that the completed LGBF 2017/18 is published on our website as part of the Council's statutory Public Performance Reporting duty.

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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES  
COMMITTEE**

**CUSTOMER SUPPORT SERVICES**

**15 AUGUST 2019**

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**LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2017/18**

**ANALYSIS AND COMMENTARY**

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**2.0 INTRODUCTION**

- 2.1 This paper presents an overview of the relevant Local Government Benchmarking Framework (LGBF) indicators 2017/18 and the Council's performance. LGBF is used as the main tool for comparing Council performance and has been developed by COSLA and the Improvement Service.
- 2.2 The paper presents the 11 Policy and Resources performance indicators from the final LGBF 2017/18 data for Argyll and Bute. The analysis includes 'Telling Our Story' and 'Looking Forward – Expected Impact on Indicator' commentary from Heads of Service. The completed LGBF 2017/18 is published on our website as part of the Council's statutory Public Performance Reporting duty.
- 2.3 The report highlights our performance as well as setting out the wider context within which we are delivering our services.

**3.0 RECOMMENDATIONS**

It is recommended that the Policy and Resources Committee (PRC):

- 3.1 Considers the contents of the report for scrutiny activity and performance reporting purposes.
- 3.2 Notes that the completed LGBF 2017/18 is published on our website as part of the Council's statutory Public Performance Reporting duty.

**4.0 DETAIL**

- 4.1 All Scottish Councils participate in the Local Government Benchmarking Framework (LGBF) which is managed and produced by the Improvement Service (IS). The purpose of the LGBF is to improve performance through Benchmarking and sharing good practice between councils.

- 4.2 The Framework consists of 81 indicators that are collected through various means during the year, for example directly to the IS, CIPFA, the Scottish Government or the Scottish Household Survey (SHS). Many of the indicators have data from 2010/11.
- 4.3 The LGBF is a key element of our Performance and Improvement Framework (PIF). The PIF enables the Council to deliver its statutory duty to 'make arrangements to secure Best Value (continuous improvement in the performance of functions)' as required by the Local Government in Scotland Act 2003.
- 4.4 Some of the indicators in the LGBF are used strategically in our Service Plans and Scorecards while others are used operationally for Benchmarking. Some services also use other sources of benchmarking information where this is more relevant to their service.
- 4.5 The LGBF uses a rank structure to illustrate performance, from 1<sup>st</sup> to 32<sup>nd</sup> with the Scotland average also shown. The rank structure should be used in context of the actual performance. For example our performance may have improved but our rank position may have fallen – this is because other Councils have also improved.
- 4.6 With this in mind, rather than simply analyse the data, Heads of Service have added commentary that helps us 'Tell Our Story'. This also helps put into perspective some of the challenges and achievements that have occurred. The 'Looking Forward – Expected Impact on Indicator' section contains additional commentary by Heads of Service and explains any improvements that have been identified in the process.
- 4.7 Our performance should also be viewed in the context of the challenges we face. These challenges mainly come in the form of geography, demography and finance.
- 4.8 The financial climate we operate within is challenging. Over the past 5 years Argyll and Bute Council has had the third largest cut to its core funding of all of Scotland's councils since 2013/14. This is despite having the highest number of inhabited islands (23) and the second largest mainland area and facing challenges of depopulation, rurality and deprivation.
- 4.9 Over the past nine years we have met the challenge of delivering £50 million in savings.
- 4.10 The direct impact of these savings has meant that we have had to prioritise our services against our strategic objectives whilst ensuring that we meet our statutory requirements. As a result we have taken prudent decisions to reflect as far as possible the needs of our communities, aware that these decisions may adversely impact on the performance of some of the indicators within the LGBF report.
- 4.11 The final data is normally received at the end of March / early April each year. Since then the data has been analysed and is now presented in a more user

friendly way. It should be noted that the base year differs for some indicators.

- 4.12 This report presents the 11 performance indicators that relate to Policy and Resources Committee areas of interest.
- 4.12 This report is a large piece of work with the objective of improved performance engagement and scrutiny by Officers, Elected Members and the Public. Consideration for future presentation options will be taken forward during the course of 2019/20, i.e. whether to continue with the presented format or use Pyramid to illustrate our performance.
- 4.13 Many of the Improvements mentioned in Looking Forward are captured in the current Service Plans, either as success measures or improvements. Other Improvements that are noted in Looking Forward will be identified and built in Pyramid.
- 4.14 The Improvement Service are holding a series of Learning and benchmarking events throughout the year. The purpose of these is to work with councils to further improve the appropriateness of the indicators. We are fortunate that Executive Director Pippa Milne is a member of the Board of the LGBF and this will support our engagement going forward.

## **5.0 CONCLUSION**

- 5.1 The PRC considers the contents of the report for scrutiny activity and performance reporting purposes.
- 5.2 Notes that analysis and commentary on the full suite of LGBF indicators which was reviewed by the Audit and Scrutiny committee at their June meeting can be accessed via the following link:  
<https://www.argyll-bute.gov.uk/moderngov/ieListDocuments.aspx?CId=595&MId=8311&Ver=4>

**6.0 IMPLICATIONS**

6.1	Policy	None
6.2	Financial	None
6.3	Legal	Publication forms part of our statutory Public Performance Reporting duty
6.4	HR	None
6.5	Fairer Scotland Duty	No impact assessment required for this report, although the report notes that there are geographic and demographic issues that impact on LGBF performance indicators.
6.5.1	Equalities – protected characteristics	N/A
6.5.2	Socio-economic Duty	N/A
6.5.3	Islands	N/A
6.6	Risk	Engaging with the LGBF is an area of interest for the upcoming BV3 audit.
6.7	Customer Service	None

**Pippa Milne, Executive Director**  
22 July 2019

**For further information contact:** Jane Fowler, Head of Customer Support Services

**Appendices**

Appendix 1 – LGBF 2017-18 Policy and Resources PIs

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# LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2017/18

Argyll and Bute

TELLING OUR STORY and

LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR

## INTRODUCTION AND KEY TO SYMBOLS

↓ ↑ An improvement in performance – the arrow indicates the direction of travel

↓ ↑ A reduction in performance – the arrow indicates the direction of travel

↓ ↑ The performance itself isn't being measured – simply a fact i.e. 'how much is being spent'

→ No difference in position since last reporting period

★ Large improvement in performance

! Performance has dropped or is of interest



# CUSTOMER AND SUPPORT SERVICES

<b>SERVICE: CUSTOMER AND SUPPORT SERVICES</b>			
INDICATOR REF: CORP 4 - The cost per dwelling of collecting Council Tax			
Performance Range: £2.78 to £27.02 (Lowest is best)			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
£8.32 ↑		£7.35 ↓	
CHANGE 2016/17 TO 2017/18:	19.07% ↑	CHANGE 2016/17 TO 2017/18:	19.51% ↓
CHANGE BASE YEAR TO 2017/18:	-37.82% ↓	CHANGE BASE YEAR TO 2017/18:	-52.43% ↓
RANK POSITION: 21 <sup>st</sup> ↓ RANK MOVEMENT: 14 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 <sup>rd</sup> RANK MOVEMENT: 1 ↓			
<b>TELLING OUR STORY:</b>			
<p>The number of dwellings has increased by 92 to 48,010 and the overall cost has increased by £70,833 to £399,293. The cost of collecting council tax has seen a large rise for 2017/18 costing an additional £1.47 per dwelling. The additional costs were all due to costs associated with implementing a new council tax system – both covering the costs of a small project team and for some of the capital costs which were funded from revenue as we did not have enough capital available to fully fund. This will not affect future years as it was a one-off cost. The new system has much lower maintenance costs so this will reduce further costs of collection and bring this back to well below the Scottish average.</p> <p>This indicator has a large performance range of £24.24. The rank position has dropped 14 points. The cost of gathering council tax increased in only six councils; all others showed a reduction. Overall Scotland had a decrease of £1.79 per dwelling. In percentage terms, ABC showed the largest increase.</p>			
<b>LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:</b>			
<p>The new system will reduce costs going forward as it includes an online portal rather than these facilities having to be paid for separately. In addition there is full integration to the back office system for certain changes which will improve efficiency. A re-organisation is planned in 2019/20 which will ensure that these efficiencies are taken.</p>			

**SERVICE: CUSTOMER AND SUPPORT SERVICES**

INDICATOR REF: CORP 7 - Percentage of income due from Council Tax received by the end of the year

**Performance Range: 97.92% to 93.91% (Highest is best)**

ARGYLL AND BUTE		SCOTLAND	
95.80%		96.00%	
CHANGE 2016/17 TO 2017/18:	0.01	CHANGE 2016/17 TO 2017/18:	0.17
CHANGE BASE YEAR TO 2017/18:	-0.35	CHANGE BASE YEAR TO 2017/18:	1.26
RANK POSITION: 21 <sup>st</sup> RANK MOVEMENT: 1			
<b>FAMILY GROUP RANKING 2017/18</b> RANK POSITION: 7 <sup>th</sup> RANK MOVEMENT: 1			

**TELLING OUR STORY:**

This is another indicator where the performance range is very narrow, as a result changes in performance tend to be in ‘points’ rather than ‘whole numbers’. The performance range is 4.01%.

The performance has increased slightly by .01 percentage point, the rank position has decreased by 1 place. Our performance is adversely affected by two factors – collection on accounts which are subject to a double charge for being long term empty are particularly hard to collect; and the fact that we do not use “line by line” accounting which would increase our figures without changing the amount of actual income received by the local authority (it changes the proportion treated as water and sewerage income which is paid over to Scottish Water).

The amount of council tax income due for receipt has increased by £3,557,283. This equates to an increase of 7.32% on the previous year.

This is the 7<sup>th</sup> largest percentage increase in monetary value for the whole of Scotland.

The Scotland average has shown an increase in performance, and an 8.59% increase of income due.










**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

In 2018/19 we have introduced the “Water Direct” scheme through which we send accounts to DWP to make deductions for customers who are on benefit and only pay water and sewerage – the amount of deductions are higher than with Attachment of Benefit Orders which we used previously. This benefits the council as only a proportion is paid over to Scottish Water. We have also introduced new special exercises with our appointed sheriff officers focussing on accounts which were not engaging to make payment arrangements. Together we expect to achieve c £250,000 additional collections p.a. net of costs.

**SERVICE: CUSTOMER AND SUPPORT SERVICES**

INDICATOR REF: CORP 8 - Percentage of invoices sampled that were paid within 30 days

**Performance Range: 97.13% to 78.02% (Highest is best)**

ARGYLL AND BUTE		SCOTLAND	
96.57% 		93.19% 	
CHANGE 2016/17 TO 2017/18:	2.47 	CHANGE 2016/17 TO 2017/18:	0.13 
CHANGE BASE YEAR TO 2017/18:	7.58 	CHANGE BASE YEAR TO 2017/18:	3.66 
RANK POSITION: 5 <sup>th</sup>  RANK MOVEMENT: 10 			
<b>FAMILY GROUP RANKING 2017/18</b> RANK POSITION: 1 <sup>st</sup> RANK MOVEMENT: 1 			

**TELLING OUR STORY:**

This is the 4<sup>th</sup> consecutive year that performance has improved with this indicator and the highest percentage over 8 years of data.

For the 4<sup>th</sup> consecutive year performance remains higher than the Scotland average.

**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

We are continuing to roll out our “No purchase order: No payment” project which ensures more orders are placed through systems and speeds up processing of invoices when these are received. This is having a beneficial impact on payment performance.

**SERVICE: CUSTOMER AND SUPPORT SERVICES**

INDICATOR REF: ECON 4 - Percentage of procurement spent on local enterprises

**Performance Range: 54.17% to 9.52% (Highest is best)**

ARGYLL AND BUTE		SCOTLAND	
29.40% ↓		27.40% ↑	
CHANGE 2016/17 TO 2017/18:	8.60 ↓	CHANGE 2016/17 TO 2017/18:	0.92 ↑
CHANGE BASE YEAR TO 2017/18:	0.43 ↓	CHANGE BASE YEAR TO 2017/18:	0.16 ↑
RANK POSITION: 11 <sup>th</sup> RANK MOVEMENT: 8 ↓			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 5 <sup>th</sup> RANK MOVEMENT: 3 ↓			

**TELLING OUR STORY:**

This indicator only includes authority spend that is over £1,000, and 'local' is being within the same local authority and defined by the postcode area of the head office of the supplier.

The procurement spend on local enterprises has dropped by 8.60 percentage points with a downward rank movement of 8 places. The main reason for this is that one supplier (Enable Scotland) was erroneously classed as local by Spikes Cavell in 2016/17 and this has been corrected in 2017/18. Excluding this, the drop is c1.36%. The reason for the change is largely due to capital projects. In 2017/18 our second top supplier was a specialist out of area construction company employed on the Queens Hall project in Dunoon and there was another large specialist marine project where the supplier came from out of our area. The results for each year are very much influenced by the type of spend and whether there are local suppliers who have those capabilities. We do a lot of engagement with local suppliers to ensure they are aware of all procurement opportunities and have the skills to bid for our business. In 2017/18 the percentage of local suppliers bidding for our business was 28.5%. Where they do bid, local suppliers are usually very successful in winning business. There are 8 years of data for this indicator, apart from 2011/12 this is the lowest percentage spend during the 8 years but consistently higher than the Scotland average for each year.

**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

We expect very similar performance in 2018/19 as only two of our top 10 suppliers in 2018/19 to date are local, as again there have been a number of large projects using specialist out of area contractors.

# IMPROVEMENT AND HR

<b>SERVICE: IMPROVEMENT AND HR</b>			
INDICATOR REF: CORP 3b - The percentage of the highest paid 5% of employees who are women			
<b>Performance Range: 65.19% to 26.56% (Highest is best)</b>			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
50.89%		54.60%	
<b>CHANGE 2016/17 TO 2017/18:</b>	0.39	CHANGE 2016/17 TO 2017/18:	1.70
<b>CHANGE BASE YEAR TO 2017/18:</b>	15.91	CHANGE BASE YEAR TO 2017/18:	8.34
<b>RANK POSITION: 22<sup>nd</sup>  RANK MOVEMENT: 2 </b>			
<b>FAMILY GROUP RANKING 2017/18</b>			
<b>RANK POSITION: 4<sup>th</sup> RANK MOVEMENT: 1 </b>			
<b>TELLING OUR STORY:</b>			
The percentage has increased this year, as it has generally across Scotland. Only 7 authorities show a decrease in this indicator.			
During this year LiveArgyll was formed. The number of staff and the number of females in the top 5% fell from 202 staff and 102 female in 2016/17 to 169 staff and 86 females in 2017/18.			
The Council has females in high profile, leadership positions in the organisation, so presents positive role models for women moving into senior roles in future. Two of the three Director level posts in the Strategic Management Team are female and five of the ten Council Heads of Service are female. We have women in gender non typical leadership roles including the Executive Director of Development and Infrastructure, the Head of Strategic Finance and the Head of Customer and Support Services. At third tier level, we have women in gender non typical senior management roles such as Strategic Transportation, IT, Finance and Procurement.			

**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

Argyll and Bute has variable performance in this area, depending on changes to individual posts. We have some good examples of women in Chief Officer positions, which has increased in the last year.

As part of our Growing Our Own initiative, we are promoting a wide range of roles for women, including female mechanic apprentices, showcasing the variety of careers that are available to women in Argyll who work for the Council. We have developed and are continuing to improve our data analytics on social media, which we use to promote and advertise all of our job vacancies. We will use this to positively target senior jobs in ways that we know are attractive to women as well as men.

**SERVICE: IMPROVEMENT AND HR**

INDICATOR REF: CORP 3c - The gender pay gap

**Performance Range: -6.97% to 13.70% (Lowest is best)**

ARGYLL AND BUTE		SCOTLAND	
7.71% ↓		3.93% ↓	
CHANGE 2016/17 TO 2017/18:	-0.77 ↓	CHANGE 2016/17 TO 2017/18:	-0.28 ↓
CHANGE BASE YEAR TO 2017/18:	-0.01 ↓	CHANGE BASE YEAR TO 2017/18:	-0.57 ↓
RANK POSITION: 27 <sup>th</sup> ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 5 <sup>th</sup> RANK MOVEMENT: 1 ↑			

**TELLING OUR STORY:**

We have reduced the Gender Pay Gap by .77 percentage points, increased the rank position by 1 place. In total 19 authorities have a reduced Gender Pay Gap figure.

With regards the performance range, Glasgow City Council is the only authority that reports women are paid more than men, with a figure of -6.97%.

This is a larger improvement than the Scotland average however, the Scotland average is almost half of Argyll and Bute's.

It is important to note that the presence of a gender pay gap does not mean that women are paid less than men when doing the same job or when on the same grade. The Council has pay and grading structure that has been equality impact assessed and which ensures that everyone is paid equally for the job that they carry out.

**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

The council is gradually improving its gender pay gap performance. This performance indicator is affected by the fact that the Council currently pays the Living Wage as a supplement, which lowers the base of the statistical calculation. We anticipate that this will improve when the Living Wage is consolidated in 2020. It is factual to say that a higher number of women work in part time, lower paid jobs for the Council, such as cleaning, catering and home care. This is further compounded by the fact that the overall gender profile of the workforce is heavily skewed towards women, precisely because we offer flexible and part time working. Further to this, Argyll and Bute has not outsourced catering and cleaning services, which other councils have, and which are lower paid posts, predominantly occupied by women. As referenced above, we continue to promote higher paid jobs to women by targeting advertising of posts, exemplifying some of our gender non typical post holders and encouraging young people to consider a future career in the council across a wide range of service areas.



<b>SERVICE: IMPROVEMENT AND HR</b>			
INDICATOR REF: CORP 6a - Sickness absence days per teacher			
Performance Range: 4.20 to 9.12 (Lowest is best)			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
5.89 ↓		5.93 ↓	
<b>CHANGE 2016/17 TO 2017/18:</b>	-0.38% ↓	CHANGE 2016/17 TO 2017/18:	-2.12% ↓
<b>CHANGE BASE YEAR TO 2017/18:</b>	-25.00% ↓	CHANGE BASE YEAR TO 2017/18:	-10.15% ↓
<b>RANK POSITION: 16<sup>th</sup> ↑ RANK MOVEMENT: 3 ↑</b>			
<b>FAMILY GROUP RANKING 2017/18</b>			
<b>RANK POSITION: 2<sup>nd</sup> RANK MOVEMENT: 2 ↑</b>			
<b>TELLING OUR STORY:</b>			
<p>This is the 4<sup>th</sup> consecutive year that Teacher absence rates have fallen. The actual drop is .02 days per teacher, and there is an increase in rank position of 3 places.</p> <p>Teacher numbers have fallen by 13, From 911 in 2016/17 to 898 in 2017/18.</p> <p>The performance range is small at 4.92, as a result any change in performance may not necessarily equate to a change in rank position. This is a positive story for Education services, highlighting a focus by school management on attendance absence. It should be noted that the service has had an additional part time resource to support absence management over the period of the data.</p>			
<b>LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:</b>			
<p>The Council has improved its sickness absence for teachers and we aim to continue this trend. Analysis shows that as well as seasonal variations in absence, the highest reason for absence is stress related illness. The Council continues to roll out mandatory stress awareness and stress management training to all staff. We are also looking at a comprehensive review of our absence procedure and our terms and conditions. The most important aspect for the council to develop in relation to managing attendance is a preventative, wellbeing based approach, which supports and directs employees to look after their own wellbeing, whilst providing tools, advice and support to do so. Associated with this is committed action by senior management team to acknowledge the importance of a preventative approach to attendance management and to act accordingly through delivering the forthcoming strategy.</p>			

**SERVICE: IMPROVEMENT AND HR**

INDICATOR REF: CORP 6b - Sickness absence days per employee (non-teacher)

**Performance Range: 8.36 to 16.78 (Lowest is best)**

ARGYLL AND BUTE		SCOTLAND	
12.82 ↑		11.41 ↑	
CHANGE 2016/17 TO 2017/18:	10.84% ↑	CHANGE 2016/17 TO 2017/18:	4.49% ↑
CHANGE BASE YEAR TO 2017/18:	27.75% ↑	CHANGE BASE YEAR TO 2017/18:	5.69% ↑
RANK POSITION: 29 <sup>th</sup> ↓ RANK MOVEMENT: 8 ↓			
FAMILY GROUP RANKING RANK POSITION: 8 <sup>th</sup> RANK MOVEMENT: 2 ↓			

**TELLING OUR STORY:**

This is the 3<sup>rd</sup> consecutive year that employee (non-teacher) absence rates have increased. The actual increase is 1.26 days per employee, and there is a drop in rank position of 8 places.

Employee (FTE) numbers have fallen by 139. From 2,894 in 2016/17 to 2,755 in 2017/18.

The performance range is larger than that of Teachers absence at 8.42. In total 21 authorities has seen an increase in absence rates. This is a disappointing area of performance, particularly when compared with the positive improvements in the teaching staff absence. The main reasons for absence are stress and medical. In terms of managing stress, we have mandatory stress awareness and stress management training available to all staff and we have recently introduced mental health first aiders to some workplaces. Our attendance management procedures are based on best practice, but we are currently reviewing and updating them to make them more user friendly.

**LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

There are indications that the age profile of the workforce towards older employees has an impact on absence levels related to medical issues. However this is not sufficient to explain the high rate and there are management initiatives being put in place to tackle and improve absence.

We will continue to expand the number of mental health first aiders in our workplaces and will promote the Employee Assistance Service more widely and in different ways to improve its use. We are developing a wellbeing strategy which will focus on the preventative side of employee absence, helping employees to recognise signs of stress or other ill health and taking early action to prevent acute episodes that lead to prolonged absence. It is important that as part of this, senior management become more open in talking about mental health and embrace and encourage a preventative approach to absence. As part of the process of consolidating the Living Wage, we are looking closely at our terms and conditions for LGE employees to identify any areas of potential benefit to employee wellbeing. We have also recently completed both a culture audit and an employee survey that give us good indications of employees' views on issues in the workplace that we can work with them to address.

The Council continues to operate within a climate of financial uncertainty, which adds pressure to employees when their job is potentially at risk. These continuing pressures have an impact on wellbeing and stress absence, so our future approach to budget management will reflect this by incorporating much earlier inclusion of employees in the development of proposals.

We also propose to bid for 2 additional attendance and wellbeing officers to support service managers to manage absence and ensure that the process is adhered to and support such as OHP referral is used to optimum effect. This is dependent on funding being made available.

# GOVERNANCE AND LAW

<b>SERVICE: GOVERNANCE AND LAW</b>			
INDICATOR REF: CORP 1 - Support services as a percentage of total gross expenditure ★			
Performance Range: 2.20% to 7.65% (Lowest is best)			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
4.35% ↓		4.45% ↓	
CHANGE 2016/17 TO 2017/18	-3.39 ↓	CHANGE 2016/17 TO 2017/18	-0.55 ↓
CHANGE BASE YEAR TO 2017/18	-5.28 ↓	CHANGE BASE YEAR TO 2017/18	-0.44 ↓
RANK POSITION: 14 <sup>th</sup> ↑ RANK MOVEMENT: 16 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 3 <sup>rd</sup> RANK MOVEMENT: 3 ↑			
<p><b>TELLING OUR STORY:</b>            There is a large change in the support service cost, a reduction of 3.39 percentage points. This has resulted in an improved rank position of 16 places.            Argyll and Bute has achieved the largest reduction of costs compared to all authorities. Edinburgh City achieved the next largest reduction at 2.62 percentage points.            There is the question as to whether all authorities are calculating the support services costs equally. Service Choices/Transformation Agenda will have had an impact on this indicator.            There has been an improvement in ranking which is most likely explained by ongoing reductions in staff numbers in support services.</p>			
<p><b>LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:</b>            There is likely to be a further improvement when the corporate management review is completed.</p>			

# FACILITY SERVICES

<b>SERVICE: FACILITY SERVICES</b>			
INDICATOR REF: CORP ASSET1 - Percentage of operational buildings that are suitable for their current use			
Performance Range: 96.47% to 66.06% (Highest is best)			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
73.74% ↑		80.96 ↑	
CHANGE 2016/17 TO 2017/18	1.06 ↑	CHANGE 2016/17 TO 2017/18	1.15 ↑
CHANGE BASE YEAR TO 2017/18	8.84 ↑	CHANGE BASE YEAR TO 2017/18	7.29 ↑
RANK POSITION: 28 <sup>th</sup> ↑ RANK MOVEMENT: 1 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 6 <sup>th</sup> RANK MOVEMENT: 0 →			
<b>TELLING OUR STORY:</b>			
<p>Argyll and Bute has seen an increase of 52 buildings, which makes a total of 396 buildings. This increase has arisen as a consequence of ongoing improvements and data cleansing within our Asset Management System. Arising from that, we are now in a position to report on more properties rather than having built or purchased more buildings. As reported, the overall trend is for rationalisation of the property estate wherein the Council aims to reduce the number of buildings it occupies. Of these 292 are classed as being suitable for their current use, or 73.74%. This is an increase of 1.06 percentage points.</p> <p>Across Scotland only 8 authorities saw an increase in the number of buildings, with Argyll and Bute having the 3<sup>rd</sup> largest increase.</p> <p>The Scotland average saw a decrease of two buildings in total.</p>			

### **LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:**

The other Authorities considered to have similar geography/demographic challenges are the family group plus Moray so the list is: Aberdeenshire; Dumfries & Galloway; Eilean Siar; Highland; Moray; Orkney Islands; Scottish Borders; and Shetland Isles.

#### Summary

The performance of the Family Group listed above along with All Scotland and the Scottish average is as follows:

Maximum (Scotland)	96.47%
Maximum (Family Group)	94.76%
Scotland Average	80.96%
Family Group Average	79.55%
A&BC	73.74%
Minimum (Family Group)	66.06%
Minimum (Scotland)	66.06%
Scotland Average	80.96%

Argyll and Bute Council are towards the lower end of the range and below both the Scotland average and the Family Group average. Having said that, the trend for this indicator has been continual improvement over the last 8 years (time over which the current comparison extends) and is not unexpected given that the focus during that time has been to deal with condition related red risk elements/assets.

Given the limited availability of capital funds for other than the larger projects including: the Helensburgh & Lomond Civic Centre; Queens Hall, Dunoon, and the new schools at Kirn Primary School, Campbeltown Grammar School and Oban High School , the Council's property related priorities over the last 5 to 10 years has been to address condition issues.

#### What are better performing Authorities doing?

Other better performing Councils in our Family Group and across Scotland have invested time and resources to review their suitability assessments. They have used Survey Monkey to assist but still require submissions to be sense checked and within Education there was a requirement for returns from Head Teachers to be "moderated" by Education management.

In general, the suitability assessments need buy-in from the Client End Users as they are best placed to comment on the suitability of buildings for delivering their Service on the understanding that there is appropriate moderation.

Actions

In the coming 3 years, the Council property related capital programme will continue to address condition related red risk assets/elements which will have limited impact on suitability. However the Council will complete the refurbishment of Dunoon Primary School and deliver further office rationalisation. In addition, buildings that have been upgraded will have their suitability reassessed to reflect the capital investment.

Impact

The number of operational properties will reduce but so will the number where the suitability is rated as C (poor) or D (bad). The overall position will be for the percentage of operational buildings that are suitable for their current use to improve.

<b>SERVICE: FACILITY SERVICES</b>			
INDICATOR REF: CORP ASSET2 - Percentage of internal floor area of operational buildings in satisfactory condition			
Performance Range: 99.66% to 52.64% (Highest is best)			
<b>ARGYLL AND BUTE</b>		<b>SCOTLAND</b>	
96.83% ↑		86.31% ↑	
CHANGE 2016/17 TO 2017/18	4.75 ↑	CHANGE 2016/17 TO 2017/18	1.82 ↑
CHANGE BASE YEAR TO 2017/18	16.85 ↑	CHANGE BASE YEAR TO 2017/18	5.00 ↑
RANK POSITION: 7 <sup>th</sup> ↑ RANK MOVEMENT: 4 ↑			
FAMILY GROUP RANKING 2017/18 RANK POSITION: 2 <sup>nd</sup> RANK MOVEMENT: 1 ↑			
<p><b>TELLING OUR STORY:</b>  There is an increase of 4.75 percentage points of internal floor area that is in a satisfactory condition.</p> <p>The total internal floor area has increased by 3,362m<sup>2</sup>.</p> <p>The total internal floor area that is deemed as suitable has increased by 14,850m<sup>2</sup>.</p> <p>The Scotland average also saw an increase of 1.83 percentage points.</p>			



## LOOKING FORWARD - EXPECTED IMPACT ON INDICATOR:

The other Authorities considered to have similar geography/demographic challenges are the family group plus Moray so the list is: Aberdeenshire; Dumfries & Galloway; Eilean Siar; Highland; Moray; Orkney Islands; Scottish Borders; and Shetland Isles.

### Summary

The performance of the Family Group listed above along with All Scotland and the Scottish average is as follows:

Maximum (Scotland)	99.66%
Maximum (Family Group)	98.89%
A&BC	96.83%
Scotland Average	86.31%
Family Group Average	81.83%
Minimum (Family Group)	52.64%
Minimum (Scotland)	52.64%

Argyll and Bute Council are towards the upper end of the range and above both the Scotland average and the Family Group average. The trend for this indicator has been continual improvement over the last 8 years (time over which the current comparison extends) and is not unexpected given that the focus during that time has been to deal with condition related red risk elements/assets. The indicator has also benefitted from major projects including: The Helensburgh & Lomond Civic Centre; Queens Hall, Dunoon, and the new schools at Kirn Primary School, Campbeltown Grammar School and Oban High School.

### What are better performing Authorities doing?

Given the recently approved capital programme and that Argyll and Bute Council are one of the better performing Authorities (7<sup>th</sup> in Scotland and 2<sup>nd</sup> in the Family Group), no additional actions are envisaged.

### Actions

In the coming 3 years, the Council will continue to address property condition related red risk assets/elements and will complete the refurbishment of Dunoon Primary School. In addition, further office rationalisation should be delivered. In addition, buildings that have been upgraded will have their condition reassessed to reflect the capital investment.

### Impact

The floor area of operational properties will reduce but so will the area where the condition is rated as C (poor) or D (bad). The overall position will be for the percentage of internal floor area of operational buildings in satisfactory condition to improve subject to investment being sustained at appropriate levels.

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ARGYLL AND BUTE COUNCIL  
CUSTOMER SUPPORT SERVICES

POLICY AND RESOURCES COMMITTEE  
15/08/2019

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**WELLBEING STRATEGY: IMPROVING THE WELLBEING OF OUR WORKFORCE**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The report outlines proposals for a long term preventative agenda to improve wellbeing and manage sickness absence in the workforce.
- 1.2 The paper presents a strategy and spend to save proposals for approval by the committee to tackle this organisational challenge.
- 1.3 Evidence presented by a variety of organisational management research shows that a focus on addressing employee wellbeing has the most sustained beneficial impact on reducing absence rates when fully supported by leadership.
- 1.5 Short term change in some indicators may be visible in year one, but more sustainable and qualitative change will become apparent after year 2 and beyond as the initiatives implemented to support delivery of the strategy begin to have an impact.
- 1.6 The target is to improve self-report indicators of overall employee wellbeing by 5% and to reverse the increasing trend in work days lost per FTE for LGE staff over the life of the strategy. A reduction of around 10% in work days lost would bring the council's performance into line with the national average which is currently around 11.4 days per FTE. This would release equivalent of around £370k in productivity.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

CUSTOMER SUPPORT SERVICES

15/08/2019

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## WELLBEING STRATEGY: IMPROVING THE WELLBEING OF OUR WORKFORCE

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### 2.0 INTRODUCTION

- 2.1 Wellbeing at work is fast becoming the most talked about workforce issue for organisations in all sectors. We know that when staff are feeling at their best they will bring their best selves to work and provide the greatest productivity in their roles. Employees who believe their employer takes a positive approach to their wellbeing are more engaged, deliver better quality services, are positive ambassadors for the organisation and improve our reputation as both an employer and service provider.
- 2.2 At a recent CIPD conference Peter Cheese (Chief Executive of CIPD) outlined estimations that only 2/5 employees are working at peak performance and failure to unlock discretionary effort is costing UK business £6bn per annum.
- 2.3 While teacher's absence rates are in line with the Scottish average, the rate of absence for LGE employees is above our targets and shows a deteriorating trend in performance in the Local Government Benchmarking Framework indicators.
- 2.4 This report outlines proposals for a long term preventative agenda to improve wellbeing and manage sickness absence in the workforce. The target is to improve self-report indicators of overall employee wellbeing by 5% and to reverse the increasing trend in work days lost per FTE for LGE staff over the life of the strategy. A reduction of around 10% in work days lost would bring the council's performance into line with the national average which is currently around 11.4 days per FTE. This would release equivalent of around £370k in productivity.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended the Policy and Resources Committee note and approve the attached wellbeing strategy and associated actions to address the issue of sickness absence and improve the wellbeing of the workforce.

3.2 It is recommended that Policy and Resources Committee note the following measures will be put in place, funded from within existing resources across the Council to support delivery of the proposed wellbeing strategy:

- Funding for 2x Attendance and Wellbeing assistants within the HR and OD team
- Funding of £10k annually for teams to bid for funds to implement actions that will improve wellbeing

### **4.0 DETAIL**

4.1 The following are useful indicators of employee wellbeing:

- What staff tell us about their wellbeing
- Sickness absence data

#### **4.2 What staff have told us about their wellbeing?**

The council, in partnership with the HSCP carried out a health and wellbeing survey of employees in 2018 and the results outlined a number of areas where employee wellbeing could be improved. It also allowed employees to highlight areas they would like information and support to improve their overall wellbeing.

#### **4.3 Sickness Absence Data**

While sickness absence rates for teachers have reduced and are in line with the Scottish average, the Council's sickness absence levels for LGE employees is currently among the highest in all Scottish Local Authorities.

4.4 There are many factors which may contribute to this higher than average sickness absence including the composition and demographic of the workforce (e.g. the council has an ageing workforce).

4.5 These relatively high figures are despite the fact the council has a well-established approach for reacting to sickness absence when it occurs in the workforce. Benchmarking with other Local Authorities via SPDS has established that on the whole the council's procedures are on a par with other councils in terms of the good practice support measures provided which include:

- ✓ Occupational Health Provision
- ✓ Employee Assistance Programme
- ✓ Return to work interviews
- ✓ Triggers for actions
- ✓ Management information/ reports
- ✓ Reasonable adjustments
- ✓ Centralised advice service

4.6 A review of the maximising attendance procedures is currently ongoing with the aim of:

- Further simplifying the process for managers
- Removing some of the prescription to allow a more flexible approach to
  - dealing with complex long term absence cases
  - dealing with increasing instances of managing chronic illness/ short term linked absences at work

4.7 Evidence suggests that for a longer term impact on sickness absence and productivity, a more sustainable approach focuses equally on prevention activities aimed at improving the wellbeing of the workforce, as it does to reacting to sickness absence when it occurs.

4.8 Developing a wellbeing strategy that aligns resource to preventative activities which will improve overall employee wellbeing not only supports the Council's values as a caring employer but could support the development of a positive organisational culture and delivery of best value in terms of improved productivity in the longer term.

## **5. The business case for a wellbeing strategy:**

5.1 93% of our employees live in Argyll and Bute. By developing a strategy aimed at implementing activities that support and increase the wellbeing of our workforce, we will be directly contributing to the following outcome which has been agreed with our Community Planning Partners:

- **People Live Active Healthier and Independent Lives**

5.2 The Council's Corporate Plan also confirms a commitment to being an employer of choice. If the Council is seen as an employer with high rates of absence (particularly stress related absence) which does not prioritise employee wellbeing, it will not be viewed as an Employer of Choice and corporate reputation is at risk of damage.

5.4 People are the council's most valuable asset and ultimately determine the quality of the services we are able to provide. If our people are off work, or at work but not feeling well enough to perform at their best, the quality of the service we can provide will in turn be affected. Pursuing a Wellbeing Strategy

will reduce absence, improve productivity and highlight our commitment to wellbeing.

## **6.0 Proposals**

6.1 The attached draft wellbeing strategy outlines how a proactive focus on wellbeing can be mainstreamed across the council. It covers 3 pillars of wellbeing (Mental, Physical and Financial) and commits the council as an employer to aspiring to provide the following:

- Information and Education on the three pillars of wellbeing
- Support to Employees
- Good Work

6.2 In order to support the delivery of this wellbeing strategy the following resource has been agreed by SMT from existing funds:

### **6.4 2x Wellbeing and Attendance Assistants**

The remit of these roles will include both reactive and preventative activities:

- Proactive case management support for manager with sickness absence cases
- Analysis and reporting of sickness absence data
- Analysis of wellbeing actions that will tackle the causes of absence
- Coordinating wellbeing events and activities aligned with Healthy Working Lives activities (working with partners where possible) aligned to the above
- Supporting services with information, guidance and facilitation to help them develop and implement wellbeing improvement actions specific to the types of roles/ wellbeing issues present within their teams
- Developing and reviewing policies and guidance to support wellbeing

6.5 It is recommended these posts would be temporarily funded for a period of two years with an assessment of their impact after a period of 12 months. The proposal will also be taken to the HSCP SLT for their consideration in terms of additional resource allocation. Wellbeing activities will be available to all Council employees and the strategy is being shared with the HSCP as part of their developing wellbeing agenda.

### **6.7 Annual Wellbeing Fund (£10K)**

6.8 To demonstrate the senior management team's commitment to the wellbeing of the workforce and to promote the council's wellbeing agenda an annual wellbeing event will be held with teams presenting business cases to members of the senior management team. Guidance will be provided so that entrants understand the pitches must be costed and provide clear evidence of how the investment in their idea will improve the wellbeing of the workforce.

6.9 Entries will be scored by the SMT panel and the winner announced following the event and promoted via the hub etc. In addition to the £10k investment, agreement will be required to allocate any officer time associated with implementing the winning suggestion.

- 6.10 Targeted intervention is also available from organisations who have worked with other local authorities and had a positive impact on wellbeing. These include Head torch who have worked with West Dunbartonshire, Edinburgh City Council and Policy Scotland; Choose Life; SeeMe who have worked with Glasgow City Council.
- 6.11 The total cost of the proposals is estimated **£89 848** per annum, funded from existing resource across the Council. For context in terms of spend to save: if the council was to see a 10% reduction in work days lost due to sickness absence (this would bring our average work days lost per FTE more in line with the Scottish average which is currently 11.4 days per FTE) this would unlock the equivalent of 3531 days in productivity over the year (roughly equivalent to 16 full time posts) with an estimated equivalent value of around £370k in monetary terms.
- 6.12 It should be noted that while the proactive case management approach may see a small scale improvement to sickness absence figures in the short term, there will be an anticipated time lag in relation to any significant sustained reductions due to an increase in overall wellbeing of the workforce. These measures are likely to take some time to bed in to the council's culture before the impact on productivity is visible in the sickness absence figures.
- 6.13 Self report indicators of the three pillars of wellbeing, overall wellbeing and morale will be collated and reviewed regularly during the life of the strategy to monitor performance of the strategy and its impact.

## **7.0 CONCLUSION**

- 7.1 In conclusion this report has outlined proposals for a wellbeing strategy that will contribute to the council's overall goal of encouraging people to live healthy, active and independent lives. It includes proposals for spend of around £89 848 per annum which could significantly increase productivity while improving the wellbeing of the workforce. While these are spend to save proposals the anticipated savings which could be anything up to £370k are likely to be in productivity released and not in any cashable savings.
- 7.2 The impact of the actions will be reported on a regular basis, with detailed metrics identified to demonstrate that the organisation is benefitting from this approach.

## **6.0 IMPLICATIONS**

### **6.1 Policy**

Wellbeing strategy aligns to the following Corporate Outcome:

- People live active healthy and independent lives

Wellbeing strategy supports delivery of the following business outcomes:

- We are efficient and cost effective
- We encourage creativity and innovation to ensure our workforce is fit for the future



- We ensure information is available for everyone
  - We provide support, prevention and opportunities to help people make better lifestyle choices
- 6.2 Financial      Recurring annual cost £10 000 over the life of the strategy and £79 848 for two years to be reviewed after year one
- 6.3 Legal          None
- 6.4 HR              2 additional FTE for an temporary period of 2 years to support delivery of the strategy
- 5.5 Equalities      EQISA has been completed and is attached as an appendix to this report
- 5.6 Risk            This strategy supports mitigation of Strategic risk number 6- Insufficient resources to ensure effective service delivery.  
With the following potential consequences:
  - Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives
  - Resources are poorly managed with result that agreed outcomes and objectives are not fully achieved.
  - Unable to achieve continuous improvement and improve effectiveness and efficiency
- 5.7 Customer Service      Increased productivity is likely to improve the level of service provided to our customers

**Jane Fowler, Head of Customer Support Services**

**Policy Lead Rory Colville**

19/07/2019

**For further information contact:** Carolyn McAlpine HR and OD Manager,  
01546 604 021

## **APPENDICES**

Appendix 1    Draft Wellbeing Strategy

Appendix 2    EQISA

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# EMPLOYEE WELLBEING STRATEGY 2019-2024



## Argyll and Bute Council Wellbeing Strategy 2019-2024

### 1.0 Introduction

1.1 In line with our corporate values as an employer, we **CARE** about our workforce. We know that when our staff are healthy and well they bring their best selves to work. This in turn helps us to deliver excellent services and contributes to meeting the agreed outcomes for our area. We are therefore **COMMITTED** through our wellbeing agenda to ensure Argyll and Bute Council continues to create a positive working environment for our staff. We believe this will help us to retain our status as an employer of choice in Argyll and Bute and will have a positive impact on our communities.

1.2 We understand that wellbeing does not start and end in the workplace. A whole range of factors come together to determine our overall health and wellbeing as individuals. The aim of this strategy is to make a commitment to take what action we can to improve the overall wellbeing of our workforce to allow everyone to flourish in all aspects of their lives.

1.3 The majority of our 5000 strong workforce (93%) live in Argyll and Bute. By improving the overall health and wellbeing of our workforce we will be contributing our Corporate Outcomes and Priorities:

**People live active healthy independent lives**

**We are an Employer of Choice**

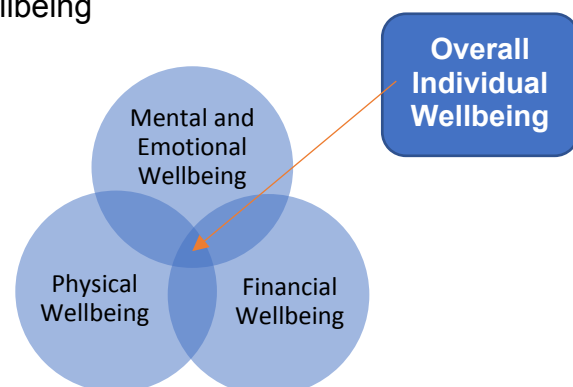
We will be supporting delivery of our business outcomes:

- We are efficient and cost effective

- We encourage creativity and innovation to ensure our workforce is fit for the future
- We ensure information is available for everyone
- We provide support, prevention and opportunities to help people make better lifestyle choices

### 2.0 The Three Pillars of Wellbeing

2.1 Our approach to wellbeing is based on three pillars of wellbeing which combine (and often interact) to determine an individual's overall wellbeing



#### **PILLAR ONE: Mental and Emotional Wellbeing**

2.2 Our Mental wellbeing is about how we think, how we feel, how we behave, how life affects us and how we cope with it, how we engage with others and the choices we make.

2.3 When we are in 'good' mental health, we can cope well and respond positively to life. We can be involved in relationships, activities and our environment and community and we are most effective and productive at work. Our mental health is affected by our biology (our genes and how our

body reacts to situations) and our life experiences (what we experience and how this affects us).

## **PILLAR TWO: Physical Wellbeing**

2.4 A state of physical well-being is not just the absence of disease. It includes lifestyle behaviour choices to ensure continued health, avoid preventable diseases and conditions, exercise and eating healthily.

## **PILLAR THREE: Financial Wellbeing**

2.5 Financial wellbeing is the way in which an individual manages money daily, creates precautionary savings, finances goals and creates wealth management and financial confidence. Financial pressures that are not well managed can result in stress related illness and poor work performance.

### **3.0 Our wellbeing pledge**

We will **COLLABORATE** with our employees and partners to find **CREATIVE** ways to improve the overall wellbeing of our workforce by:

- **Providing information and Education on the three pillars of wellbeing**
- **Providing Support to employees**
- **Providing good work**

### **4.0 What will we do to deliver this strategy?**

4.1 We recognise that wellbeing is not just about what we do now or in the next few months. Improving wellbeing in our organisation is a long term commitment to our employees,

demonstrating that we are putting their wellbeing at the centre of our organisation. We will carry out a programme of action in the first 2 years of this plan, which we anticipate will have longer term benefits. We will review and update these actions as we learn what works best in our organisation.

### **5.0 How will we know our wellbeing strategy is having an impact?**

5.1 We will evaluate key measures of morale and employee wellbeing, including sickness absence over the life of this strategy starting from a 2019 baseline and we will also ask our employees to rate their three pillars of wellbeing periodically.

5.2 We anticipate 5% improvement in these measures over the life of the strategy. In turn we expect that an overall improvement in the wellbeing of our workforce will result in a reduction in sickness absence levels.

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## Argyll and Bute Council: Equality and Socio-Economic Impact Assessment

## Section 1: About the proposal

**Title of Proposal**

Wellbeing Strategy

**Intended outcome of proposal**

Improving Wellbeing of the workforce

**Description of proposal**

The purpose of the proposal is to agree a wellbeing strategy aimed at improving the wellbeing of the Council's workforce.

**Business Outcome(s) / Corporate Outcome(s) to which the proposal contributes**

**People Live Active Healthier and Independent lives**

**Lead officer details:**

Name of lead officer	<b>Carolyn McAlpine</b>
Job title	<b>HR and OD Manager</b>
Department	<b>Customer Services</b>

**Appropriate officer details:**

Name of appropriate officer	
Job title	
Department	

Sign off of EqSEIA	
--------------------	--

Date of sign off	
------------------	--

**Who will deliver the proposal?**

Corporate proposal- there will be various council officers responsible for delivery of the strategy and associated actions once finalised and approved

## Section 2: Evidence used in the course of carrying out EqSEIA

**Consultation / engagement**

Wellbeing survey completed 2018- All council and HSCP employees were asked to respond to a wellbeing survey and the strategy has been informed by responses to this.

**Data**

Sickness absence data has been used to analyse reasons and levels of absence across the council

**Other information**

--

**Gaps in evidence**

Our employee equalities monitoring information is voluntary and there has been low uptake in completing it

**Section 3: Impact of proposal**
**Impact on service users:**

	Negative	No impact	Positive	Don't know
<b>Protected characteristics:</b>				
Age		x		
Disability			x	
Ethnicity		x		
Sex		x		
Gender reassignment		x		
Marriage and Civil Partnership		x		
Pregnancy and Maternity		x		
Religion		x		
Sexual Orientation		x		
<b>Fairer Scotland Duty:</b>				
Mainland rural population		x		
Island populations		x		
Low income			x	
Low wealth			x	
Material deprivation		x		
Area deprivation		x		
Socio-economic background		x		
Communities of place?		x		
Communities of interest?		x		

**Impact on service deliverers (including employees, volunteers etc):**

	Negative	No impact	Positive	Don't know
<b>Protected characteristics:</b>				
Age		x		
Disability		x		
Ethnicity		x		
Sex		x		
Gender reassignment		x		
Marriage and Civil Partnership		x		
Pregnancy and Maternity		x		
Religion		x		
Sexual Orientation		x		
<b>Fairer Scotland Duty:</b>		x		
Mainland rural population		x		
Island populations		x		
Low income		x		
Low wealth		x		
Material deprivation		x		



	Negative	No impact	Positive	Don't know
Area deprivation		x		
Socio-economic background		x		
Communities of place?		x		
Communities of interest?		x		

**If any 'don't know's have been identified, at what point will impacts on these groups become identifiable?**

**How has 'due regard' been given to any negative impacts that have been identified?**

**Section 4: Interdependencies**

**Is this proposal likely to have any knock-on effects for any other activities carried out by or on behalf of the council?**

Potentially

**Details of knock-on effects identified**

There is potential that an increased focus on wellbeing could increase knowledge and awareness amongst employees of Occupational Health Employee Assistant Programme which could in turn increase contacts made with these providers

**Section 5: Monitoring and review**

**How will you monitor and evaluate the equality impacts of your proposal?**

There will be regular monitoring and reporting of the Wellbeing Strategy impact to the HR board

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****DEVELOPMENT AND ECONOMIC  
GROWTH****15 AUGUST 2019**

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**STRATEGIC EVENTS AND FESTIVALS FUND – LESSONS LEARNT AND KEY  
CHANGES TO 2020/21 FUND PROCESS**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to advise Members of lessons learnt from the first round of the Argyll and Bute Council Strategic Events and Festivals Fund administered 2019/2020, and to ask for endorsement to amend the process for the 2020/21 round (round two) to reflect learning.
- 1.2 Policy and Resources Committee agreed on 24<sup>th</sup> May 2018 to provide a budget of £113,000 to support the delivery of a strategic portfolio of events and festivals across Argyll and Bute during 2019/20. It was also agreed that the process be competitive and that a new application process be created. It is the intention for this paper to advise on learning from round one and propose improvements to round two (2020/21). This will enhance and make the process more robust, to ensure maximum economic value can be secured from the available council funding.
- 1.3 Following the Council 2019/20 budget decision, Round two (2020/21) of the fund, will provide a smaller pot of grant funding, totalling £90,000. It is proposed to invite applications to round 2 of the Strategic Events and Festivals Fund from 26<sup>th</sup> August to 7<sup>th</sup> October 2019. This report consequently highlights key changes to the process for 2020/21, as summarised in paragraph 5.10.

**2.0 RECOMMENDATIONS**

- 2.1 It is recommended that Members of the Policy and Resources Committee:
  - a) Note the lessons learnt from the first round of the Strategic Events and Festivals Fund 2019/20;
  - b) Approve the process for the second round of the Strategic Events and Festivals Fund 2020/21, as outlined in the report at paragraph 5.10.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES  
COMMITTEE

DEVELOPMENT AND ECONOMIC  
GROWTH

15 AUGUST 2019

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**STRATEGIC EVENTS AND FESTIVALS FUND – LESSONS LEARNT AND KEY  
CHANGES TO 2020/21 FUND PROCESS**

---

**3.0 INTRODUCTION**

- 3.1 The purpose of this report is to advise Members of lessons learnt from the 2019/20 round (round one) of the Argyll and Bute Council Strategic Events and Festivals Fund and to ask for approval of an enhanced process, based on evaluation of this initial round.
- 3.2 The 2019/20 Strategic Events and Festivals fund was taken forward as a competitive fund, open to all strategic event and festival organisers in Argyll and Bute. The critical elements of the applications required that the event or festival be held in Argyll and Bute and be of a strategic nature, i.e. having the capacity to attract people from outwith the area and generate significant economic benefit for the local community.
- 3.3 At the Policy and Resources Committee on 13<sup>th</sup> December 2018 members agreed to allocate grant funding to support 12 events. The initial round was significantly oversubscribed. A total of 21 bids were received, with a total funding request of £221,060; almost double the amount of funding available. In order to fully appraise the bids in a fair and equal manner, the process required significant officer time to work through the applications and undertake the necessary scrutiny and scoring.
- 3.4 As agreed by Policy and Resources Committee in December 2018 there is need to evaluate the process to ensure there is clarity around the application process for round two (2020/21) and to ensure that the assessment process is as robust and as efficient as possible, to achieve maximum economic benefit.

**4.0 RECOMMENDATIONS**

- 4.1 It is recommended that Members:
- a) Note the lessons learnt from the first round of the Strategic Events and Festivals Fund;
  - b) Approve the process for the second round of the Strategic Events and Festivals Fund 2020/21, as outlined in the main report at paragraph 5.10.

## 5.0 DETAIL

5.1 Over the last six years, the Council has made a significant contribution to the development of major events and festivals, and this has provided a successful economic stimulus within the area. It has also enhanced cultural and sporting activity in many places in Argyll and Bute.

5.2 Applications to the 2019/20 Argyll and Bute Council's, Strategic Events and Festivals Fund was opened to bids for a period of 6-weeks, commencing 3<sup>rd</sup> August 2018 and closing 14<sup>th</sup> September 2018. A total of 21 applications were received within that period. The £113,000 round one pot was made available to any event and festival organiser within Argyll and Bute planning to hold a strategic event or festival during 2019/20. The fund was made available on a £5,000+ basis for larger scale events or under £5,000 for smaller scale events. Applications for strategic cultural or sporting events were expected to demonstrate that the event would contribute significantly to the culture, heritage and economy of Argyll and Bute, and be able to reach a national/international audiences.

5.3 The criteria for applications to meet was set out as follows:

1. Be held in Argyll and Bute in the 19/20 financial year;
2. Attract visitors from outwith the area;
3. Demonstrate a good range of multiplier effects for the local economy;
4. Market to out of region visitors;
5. Demonstrate good return on public investment.

5.4 The assessment headings were as follows:

1. Strategic Fit
2. Economic Impact
3. Cultural/sporting social event impact
4. Sustainability
5. Marketing
6. Assessment of Risk

### Key Lessons Learned

5.5 The first round fund was oversubscribed by 100%, with a total of 21 bids received into the two pots. This, combined with the range and scale of events, as well as the varying quality of submissions, meant the fund was complex and challenging to administer despite the clear criteria and assessment headings. The failure by a number of applicants to provide the required information timeously proved time consuming for officers to follow up. Financial information provided in support of a number of applications was also found to contain mistakes or gaps, which also took considerable officer time to follow up and rectify.

- 5.6 Grant allocations ranged from £2,160 to £5,000 from the small pot, and between £3,600 and £49,107.60 from the large pot. Such wide ranging allocations reflect the flexibility of the round one approach, which saw funding requests range between £1,500 and £54,560 over the two pots. It is therefore intended to tighten up on this aspect for the second round by introducing a cap on funding to make the process fairer, and also introduce a single pot to streamline the process but with guidance on appropriate levels.
- 5.7 The applications covered a wide area geographically and demonstrated a variety of event types, from literary events and music festivals, to highland games and sporting races. There was also varying levels of community involvement and it was not always clear how commercial an event was. As three events had benefited from council funding previously, a 10% reduction was applied on their previous award.
- 5.8 There is need to increase the efficiency and effectiveness of the process, in order that the second round (2020/21) can be made as simple and clear as possible for applicants, and as streamlined as possible for officers. The assessment process needs to be efficient and take account of the different scale of events, whilst still ensuring each application can be assessed fairly against the criteria and assessment headings, and allows the focus to remain on those strategic events and festivals that deliver economic benefit to Argyll and Bute and those able to attract new audiences.

Proposed changes to process.

- 5.9 The fund will remain competitive and every application will need to clearly evidence why the event requires public money. Applicants will be asked to show precisely what the funding will be used for in an effort to demonstrate best value for the public purse, and it will be made clear within the guidance that Council funding should only be considered as the funder of last resort and that requests for funding should be kept to a minimum. There will therefore be no guarantee that all funding sought will be allocated or that the full funding pot will be committed, as this is dependent on the quality of submissions and efforts to obtain best value. In the event that there are any unallocated funds, officers will consider this within their recommendation to members. As the round one fund was highly oversubscribed for 2019/20, it is likely that this will also be the case for the second round 2020/21. Applicants need to understand that successful applications may not secure the total funding requested and should have a contingency plan in place to be able to respond to this.
- 5.10 The need to tighten up the process calls for a simplified approach that reduces the time taken to process and score applications. Consequently, the application form has been updated to utilise a yes/no format wherever possible. Scoring is aligned, and weighted to allow large and small events to be reviewed and scored on a level playing field. Risk will be assessed separately based on the traffic light system, with only events showing green recommended for award. The principal amendments proposed are highlighted as follows:
- 1) Single grant pot. A single pot of funding will help simplify the process. A single

application form with accompanying guidance has therefore been developed, and designed to be suitable for all events regardless of scale in an effort to support consistency and fairness. It is anticipated that applicants will generally apply for £5,000 or less to support their event, in order to maximise the limited budget and to demonstrate best value for the public purse.

2) Grant available. Requests for funding will be requested to be kept to a minimum, and no grant request should be greater than 20% of the total cost of the event.

- **Expected upper limit:** Should applicants wish to apply for over the expected upper limit of £5,000 applications will be considered however a substantial justification and substantial evidence in support of the application will be required in this case.
- Funding requests for **substantial additional growth:** Consideration will be given to applications of between £5,001 and £15,000 where applicants can demonstrate a significant step change through the ambition to grow their event. Funds should be requested to support this additional activity, such as additional venue accommodation, new activities, increased infrastructure requirements such as generators etc. The applicant will be expected to show how they expect the change to not only grow the event but also how they expect this additionality might help to sustain the event for the long-term. If the event is new to the area, having been newly established within the last 3 years, and can demonstrate a unique offer that is not replicated elsewhere in Argyll and Bute and is therefore seeking to attract new visitor markets into the area, this too may be considered for funding above the expected upper limit.
- Funding requests for **events considered to be exceptional:** Consideration will be given to providing funding of between £15,001 and £30,000 to events for which it can be demonstrated that over 10,000 people will be in attendance and over £1,000,000 will be generated in economic benefit to the local economy. It is expected that funding requests for exceptional events will be accompanied by a substantial amount of evidence to show precisely why such levels of funding are required. Such events will be of significant scale and make a substantial impact on the local economy. No grant request should be greater than 20% of the total cost of the event and grant is capped at £30,000.

3) Ineligible submissions. Where an applicant cannot, or does not, provide the required information their application will be considered ineligible and will not progress to assessment stage. This includes the provision of the necessary documentation, such as up to date business and marketing plans and profit and loss accounts. At round one stage, a substantial amount of officer time was spent chasing applicants for information that was not submitted within the

advertised timeframe. This has the potential to delay the assessment process and is unfair on those applicants who submit all information by the deadline.

- 4) Affordability. Alongside a balanced budget breakdown, applicants will be asked to show that they have applied for match funding where relevant, and if successful provide evidence that this is forthcoming to ensure the event will go ahead.
- 5) Not-for-profit distribution organisations. Only organisations which operate on a not-for-profit distribution basis will be eligible to apply for funding, i.e. any surplus made is reinvested in the event and not re-distributed in any way, i.e. to shareholders. In addition, the aims of the organisation, as set out in its constitution, must show that the aim of the organisation is for community benefit.
- 6) Inclusivity. Events will be required to involve local people, and if the event is run wholly by the community in a volunteering capacity the event will score highest in this category.
- 7) Fragility. Applicants will be asked if their event will be held in an area of disadvantage, or would support an island community and would score higher in these cases. In order to score an extra point, the area where the event is to be held should be within the top 20% SIMD data zones. Island communities will also score an extra point as their constrained geography means that they cannot match the capacity for growth of mainland events.
- 8) Debts to the council. Applicants will be asked to declare that there are no outstanding debts to the council, beyond usual terms, in relation to their event and will be ineligible for grant if there is an outstanding debt in place.

## **6.0 CONCLUSION**

- 6.1 The limited nature of the Strategic Events and Festivals fund and its competitive process, involving many types of events, has given rise to a very challenging process. There was high level of interest in the fund demonstrated at round one, which resulted in the fund being 100% over subscribed at this stage. It is not anticipated that there will be any lesser interest in the 2020/21 second round fund and it is therefore important that the process be simplified and streamlined as much as possible. Members are therefore asked to endorse the above amendments to the process.
- 6.2 The new process will allow the £90,000 budget for 2020/21 to support a significant number of strategic events and festivals, to continue to make a very positive impact on the area's cultural offering, build on the previous investment and secure a greater return on the Council's investment.
- 6.3 It is proposed to invite applications to round two of the Strategic Events and Festivals Fund from 26<sup>th</sup> August to 7<sup>th</sup> October.



## **7.0 IMPLICATIONS**

- 7.1 Policy - None
- 7.2 Financial – £90,000 in grant has been made available for a second round of Strategic Events and Festivals Funding to cover the financial year 2020/21.
- 7.3 Legal - Grant contracts will be provided to third parties that are successful in securing part of the fund.
- 7.4 HR - Administration of the grant will be undertaken using existing officer resource.
- 7.5 Equalities / Fairer Scotland Duty – Positive contribution to fragile areas.
- 7.6 Risk -.None
- 7.7 Customer Service - None

**Executive Director, with responsibility for Development and Economic Growth,  
Pippa Milne**

**Policy Lead, Sustainable Economic Growth, Councillor Aileen Morton**

15<sup>th</sup> August 2019

**For further information contact:** Audrey Martin  
Transformation Projects and Regeneration Manager, tel: 01546 604180

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES****DEVELOPMENT AND ECONOMIC GROWTH****15<sup>TH</sup> AUGUST 2019**

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**Draft Argyll and Bute Council Community Food Growing Strategy**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this paper is to seek approval by the Policy and Resources Committee for the draft Argyll and Bute Council Community Food Growing Strategy for the purposes of public and community consultation before being reported back to Full Council for adoption by April 2020. The draft will assist in meeting our duty under Part 9 of the Community Empowerment (Scotland) Act 2015 which provides a legal framework that promotes and encourages community empowerment and participation in growing food. The Act creates new rights for community bodies and places new duties on public authorities.
- 1.2 To ensure compliance with the Community Empowerment (Scotland) Act 2015 Part 9 - A Cross Departmental Working Group (Development and Infrastructure, Community and Governance and Law) was established in February 2019 to deal with various tasks coming from the Act. This report deals with one of these which is the draft Argyll and Bute Council Food Growing Strategy (the Growing Strategy) and includes our vision, current provision, how the Council will meet demand as informed by our waiting list register, provide guidance for community groups and how we will carry out the monitoring of the strategy.
- 1.3 The draft Growing Strategy has taken account of the Scottish Governments Guidance (Part 9 of the Community Empowerment (Scotland) Act 2015 – Allotments Guidance for Local Authorities Section 119 Duty to Prepare Food-Growing Strategy) which we have reflected in the context of our rural location and existing well established food growing culture.
- 1.4 The draft Growing Strategy contains the following content:
- legal framework created by the Act,
  - current provision of Allotments within Argyll and Bute,
  - the Planning context,
  - results of the Stakeholder Questionnaire which has provided us with a clear indication of the different approaches to growing food,
  - Community Food Growing Guidance and the Monitoring and Review process.
- 1.5 The Growing Strategy contains a Vision which is: to encourage and enable people in our community who wish to grow their own food; by providing: information on potential community food growing spaces, advice and guidance.

**2.0 Recommendations:**

Members are asked to:

- note the contents of the draft Growing Strategy which reflects the duties placed on local authorities arising from Part 9 – Allotments of the Community Empowerment (Scotland) Act 2015; and
- Approve the Draft Growing Strategy for the purposes of public consultation.

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**Draft Community Food Growing Strategy.**

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**3.0 INTRODUCTION**

- 3.1 The Community Empowerment (Scotland) Act 2015 requires each local authority to prepare a food growing strategy within two years of Part 9 of the Act which is due by April 2020.
- 3.2 This paper presents the Draft Argyll and Bute Council Community Food Growing Strategy for consideration by the P&R committee prior to it being put out to public consultation. After that consultation the updated Growing Strategy along with responses to consultation will be presented to Full Council for adoption prior to April 2020 in order to comply with the Act.

**4.0 RECOMMENDATIONS**

Members are asked to:

- note the contents of the draft Growing Strategy which reflects the duties placed on local authorities arising from Part 9 – Allotments of the Community Empowerment (Scotland) Act 2015; and
- Approve the Draft Growing Strategy for the purposes of public consultation.

**5.0 DETAIL****Legislative Context**

- 5.1 The purpose of this paper is to seek approval by the Policy and Resources Committee for the draft Argyll and Bute Council Community Food Growing Strategy to proceed to the next stage of the process – the 4 week public consultation. The draft Growing Strategy will assist in meeting our duty under Part 9 of the Community Empowerment (Scotland) Act 2015 which provides a legal framework that promotes and encourages community empowerment and participation in growing food. The Act creates new rights for community bodies and places new duties on public authorities.
- 5.2 To ensure compliance with the Community Empowerment (Scotland) Act 2015 Part 9 - A Cross Departmental Working Group (Development and Infrastructure, Community and Governance and Law) was established in February 2019 to deal with various tasks coming from the Act. This report deals with one of these tasks which is the draft Argyll and Bute Council Food Growing Strategy (the Growing Strategy). The Act requires that the Strategy is adopted by the Council by April 2020.
- 5.3 Other requirements of the Act include: a duty to establish and maintain an allotments Waiting List register, make allotment site regulations; and produce an allotments report for the Area each year. These matters are not dealt with by this report but will be covered in due course by Governance and Law.

## **Production of Argyll and Bute Draft Growing Strategy**

- 5.4 The draft Growing Strategy has taken account of the Scottish Government's Guidance (Part 9 of the Community Empowerment (Scotland) Act 2015 – Allotments Guidance for Local Authorities Section 119 Duty to Prepare Food-Growing Strategy.
- 5.5 The draft Growing Strategy has followed and interpreted the Scottish Government Guidance on developing a Food Growing Strategy in as much as it's relevant to a rural and island local authority like Argyll and Bute which has an existing well-established 'growing our own' culture. Consequently the draft Growing Strategy reflects the established culture of growing our own from individuals to allotments, community growing spaces and school gardens.
- 5.6 As part of the process of producing the Draft growing Strategy, we have surveyed stakeholders including: Community Councils, Allotment Associations, Community Groups, Schools, Housing Associations and individuals thus providing the strategy with a snap shot of the current status of growing our own in Argyll and Bute:

Our growing spaces are recognised as a valuable resource for individuals and communities, they provide a range of benefits which includes:

- Growing your own food contributes to low cost and environmentally sustainable ethos,
  - Contributes to Health and wellbeing – influencing a positive lifestyle choice and physical exercise,
  - Social interaction and inclusion for a range of age groups and provides an opportunity for learning through knowledge exchange,
  - Contribute to and benefit biodiversity
- 5.7 The Argyll and Bute Council Community Food Growing Strategy Vision is –
- ‘To encourage and enable people in our community who wish to grow their own food; by providing: information on potential community food growing spaces, advice and guidance’
- 5.8 The Draft Growing Strategy includes the following content:
- the legal context of the Act,
  - current provision within Argyll and Bute,
  - the planning context,
  - the results of the stakeholder questionnaire which has provided us with a clear indication of the different approaches to growing food,
  - Community Food Growing Guidance information, and
  - proposals for monitoring and review of the Growing Strategy.

### **Allotments**

- 5.9 As the authority responsible for the Growing Strategy, we are also obliged to ensure there are enough allotments to meet identified need. In terms of accommodating any demand for allotments by groups and individuals interested in growing their own food, the Council (Governance and Law) is maintaining a Waiting List Register and this will be reported on annually. If enough people register in an area where the numbers are viable and suitable land can be found within the Argyll and Bute Council Estate that meets the criteria of being local, accessible and fit for purpose, the Council will provide advice and guidance in order to help explore the options.
- 5.10 Argyll and Bute Council has only three allotment sites (as defined by the Act which is those on Local Authority land) one in Helensburgh and two in Rothesay and they are all managed solely by allotment associations. Other Community Food Growing Spaces such as community gardens and schools exist within a number of mainland and island sites and they are managed by local dedicated community members and school groups.

### **Monitoring and Review of the Strategy**

- 5.11 Under Section 120 of the Act the Council is required to review its food-growing strategy. This review must be carried out within 5 years of the date of the publication of the initial food Growing Strategy, and every five years thereafter. If as a local authority we decide to change the Growing Strategy following a review, we are required to publish an amended strategy electronically at that stage.

### **Consultation and Adoption**

- 5.12 The draft Growing Strategy supports the duty in the Act as well as encouraging community groups to get involved in growing their own. The advice that has been provided in the document will help frame local community action and thus empowering them to support the Growing Your Own national policy. The draft Growing Strategy will be made available for consultation via the Council's website with online response forms and will be publicised through the Council's Communication Team. After the consultation we will analyse the responses, finalise the Growing Strategy and report both back to Full Council.
- 5.13 The Growing Strategy is not expected to require Strategic Environmental Assessment (SEA), but it has not yet been formally screened out as the draft has only recently been produced. This will be dealt with before the Growing Strategy is reported back to Full Council.

## **6.0 CONCLUSION**

- 6.1 In conclusion, the draft Growing Strategy will help meet our duty under Part 9 of the Community Empowerment (Scotland) Act 2015 and provide information for those individuals and community groups who wish to grow their own food. This activity has a wide range of benefits including local food supply, health and wellbeing, social interaction and learning as well as contributing to our biodiversity and excellent environmental credentials.

## **7.0 IMPLICATIONS**

- 7.1 **Policy-** Community Food Growing Strategy will fulfil the requirement for a
- 7.2 **Financial-** Officer time
- 7.3 **Legal-** meeting our duty to produce a Food Growing Strategy and Waiting List under Part 9 of the Community Empowerment (Scotland) Act 2015
- 7.4 **HR-** N/A
- 7.5 **Fairer Scotland Duty** – See below
- 7.5.1 **Equalities –protected characteristics-** Needs an EQSEI assessment before publication.
- 7.5.2 **Socio-economic Duty** Strategy considers all benefits.
- 7.5.3 **Islands-** Strategy has been drafted taking consideration of the needs of remote rural and island areas.
- 7.6. **Risk** -Failure to progress and adopt the Strategy will lead to failure to fulfil our duty by April 2020.
- 7.7 **Customer Service-**Need to ensure customers are engaged with during the consultation on the Growing Strategy.

**Executive Director, responsibility for Development Economic Growth - Pippa Milne**

**Policy Lead – David Kinniburgh**

**For further information contact:**

Marina Curran-Colthart,

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Local Development Policy Team

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**APPENDICES**

Appendix 1

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## Community Food Growing Strategy

Argyll and Bute Council.  
Food-Growing Strategy  
April 2020



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## Foreword

“I am pleased to introduce the Argyll and Bute Council Community Food Growing Strategy, which we have a duty to produce by April 2020 as set out in Part 9 of the Community Empowerment (Scotland) Act 2015.

“As a rural local authority with 23 inhabited islands, we have a long established culture of growing our own food, with its multitude of benefits from the availability of nutritious and affordable food to social, health and environmental benefits.

“I’m impressed with the variety and range of growing spaces we have in Argyll and Bute, including allotments, community gardens, school gardens, orchards, crofts allied with the use of vacant sites, adding life to otherwise forgotten spaces.

“As a council, we are committed to assisting individuals and community groups to achieve their goal of growing their own and have put in place a number of measures to help achieve this. “Our Community Food Growing Strategy will contribute to Scotland’s wish to become a Good Food Growing Nation by enabling those people interested in growing their own to enjoy and benefit from nutritious, healthy food.

“I am pleased to promote our culture of growing our own food through the Argyll and Bute Council Community Food Growing Strategy and to acknowledge productive growing activity while also empowering people and community groups to take up the challenge.”



Cllr. Aileen Morton – Leader of Argyll and Bute Council

**Acknowledgements.**

We would like to acknowledge the efforts of every individual officer in the project team - Local Development Policy, Governance and Law and Communications. A special thank you to the stakeholders who completed the survey and to those who supplied photographs.



**Helensburgh Allotment Association.**

## Executive Summary

This is Argyll and Bute's first Community Food Growing Strategy aimed at encouraging and empowering people to grow their own food. Argyll and Bute is a very diverse area from towns near the Glasgow conurbation to remote rural areas. It has 23 inhabited islands and is known as a crofting county with a long history of people growing their own food. As a local authority, we recognise that there are currently many different forms of community food production in the area including: orchards, community growing spaces and gardens, edible hedgerows, school growing spaces and three allotments, thus reflecting the existing diverse culture of Growing (Y) our Own.

The Community Empowerment (Scotland) Bill which was enacted on the 24th July 2015, places a duty on local authorities to take reasonable steps to protect and provide growing spaces to meet community needs. It requires local authorities to provide a food growing strategy that reflects their area and to identify potential land in our Local Development Plan which may be used for cultivation by community groups.

The Argyll and Bute Community Food Growing Strategy explains how we support current community growing provision and how we will respond to future demand and support new approaches such as community lead growing space establishment.

The Argyll and Bute Council Community Food Growing Strategy provides an insight into what the allotment and community growing provision already exists within our area. This was informed by a stakeholder engagement survey, the results of which have enabled us to capture the current status, management arrangements and interest of the community in growing their own food.

In order to address the objectives of the strategy we will encourage and empower communities to establish their community growing spaces/gardens by providing information to community groups. These groups will independently manage their respective growing spaces addressing all day-to-day issues relating to plot holders.

The strategy outlines an approach that should deliver best value for Argyll and Bute Council Area and all community groups that have an interest in growing their own.

**Vision** – Our vision is to encourage and enable people in our community who wish to grow their own food, by providing: information on potential community food growing spaces, advice and guidance.



**Helensburgh Allotment**



**Individual plot- North Argyll**



## Section 1 – Introduction, Vision, National Policy, Legislation and the Local Development Plan

### 1.0 Introduction:

This Community Food Growing Strategy covers the whole of the Argyll and Bute Council area. This area contains a number of towns but is predominantly remote rural in nature, including 23 inhabited islands. The strategy reflects this diverse area taking the varying needs and opportunities into account.

### 1.1

**Vision** – Our vision is to encourage and enable people in our community who wish to grow their own food, by providing: information on potential community food growing spaces, advice and guidance.

Argyll and Bute Council is supporting the Scottish Government’s aspiration for the country to become a Good Food Nation; a land of food and drink, not only in what we produce but also in what we buy, serve and eat. Food is one of the most important components of life and a key part of what makes the people of Scotland proud of their food is that it is tasty, nutritious, fresh and environmentally sustainable. The Community Food Growing Strategy provides a framework to help us deliver on this aim.

**1.2 National Policy:** Argyll and Bute Council embrace community food-growing in all its forms, one of which is growing food in community growing spaces and or gardens. Grow-your-own food (“GYOF”), can be in a community garden/space, school growing space, allotment or croft. All these areas can give control to our food growing community over how and what they grow; thereby increasing access to affordable, healthy and environmentally sound food; the very essence of being a Good Food Nation.

**1.3 Legislation:** The Community Empowerment (Scotland) Act 2015 (“the Act”) aims to help empower communities across Scotland and for those wanting to GYOF, it will encourage community groups to access land for food growing purposes. Argyll and Bute Council supports all forms of community food-growing, including improving access to land for food-growing purposes and giving more people the opportunity to grow their own food. This will have a range of social and environmental benefits from health and wellbeing, social interaction, knowledge improvement and exchange allied with doing their bit for biodiversity, and will help contribute to and improve our long term food security.

**1.4 The Local Development Plan (LDP)** is a land use planning document that guides development in our towns, villages and countryside. This helps create places where we can work, live and enjoy our lives by encouraging development in sustainable locations and safeguarding environmental resources such as open space. Food Growing Strategies identify growing spaces in our communities and have important links with Local Development Plans which identify and safeguard green infrastructure, including allotments and other open space. The Argyll and Bute Community Food Growing Strategy is covered by two Local Development Plans; The Argyll and Bute Local Development Plan <https://www.argyll-bute.gov.uk/ldp> and the Loch Lomond and the Trossachs National Park Local Development Plan: <https://www.lochlomond-trossachs.org/planning/planning-guidance/>.

As part of the Community Food Growing Strategy process, we identified existing and potential community growing spaces with the assistance of stakeholders, community groups and individuals.

Through the Strategy we will help create further opportunities for people to grow their own food by:

- Encouraging developers through the planning process to include space for community gardens and food growing within new developments;
- Review our open spaces in order to present opportunities to provide community growing spaces for interested groups; and
- Empowering communities to growing their own as part of open space and public realm
- Improvements.



**Gortanvogie – Strawberries**



**1 of the raised beds and composter at Strath of Appin Primary School**

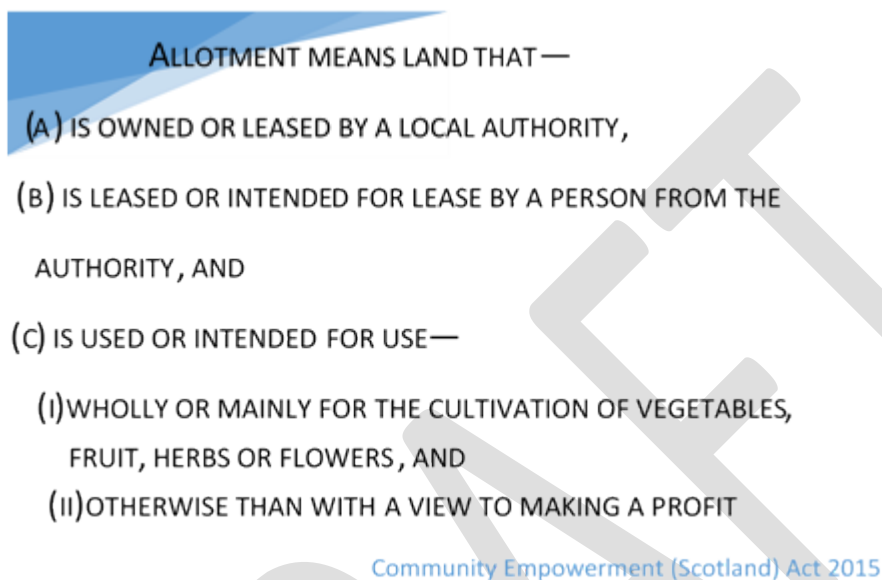


**Gortanvogie – Peas in Planters**

## 2.0 What is an Allotment?

Many people will have differing views on the nature and description of what an allotment or growing space is and they can vary markedly from area to area as they do within Argyll and Bute. Any growing space can be defined by its own users, and none of these descriptions would be incorrect.

However for the purposes of this strategy, the definition of allotment that is required to be adopted is that set out by the Community Empowerment Act, where Allotments are defined as:



## 2.1 Community Growing gardens and Allotments:

In preparing the Argyll and Bute Community Food Growing Strategy, we consulted a variety of stakeholders and community groups that have embraced the culture of growing your own food-GYOF in its many formats and locations; the information was captured from a survey with the following results providing a summary of the variety of spaces used for growing food in our area.

### 2.1.1 Summary of analysis:

As part of the Community Food Growing Strategy stakeholder engagement, Argyll and Bute Council carried out a survey of a variety of groups and associations. We sent 154 questionnaires in total with a response of 23 in total.

In terms of the geographical spread, all areas were well represented with a variety of growing spaces identified from school grounds to allotments and community gardens. The respondents grow a variety of vegetables, herbs, fruit and flowers. Some grow trees and have a wormery but all have a variety of composting facilities. We noted that with most people having a wide range of experience in growing their own.

Our survey also revealed that there is interest in people growing their own, highlighted by series of responses varying from interest in learning about and actively growing their own food, to health and wellbeing, biodiversity and environmental benefits.

Stakeholders were helpful with responses to further demand and identified potential Growing spaces such as areas within open space designations, derelict sites and Council, Housing Association and Government owned land.



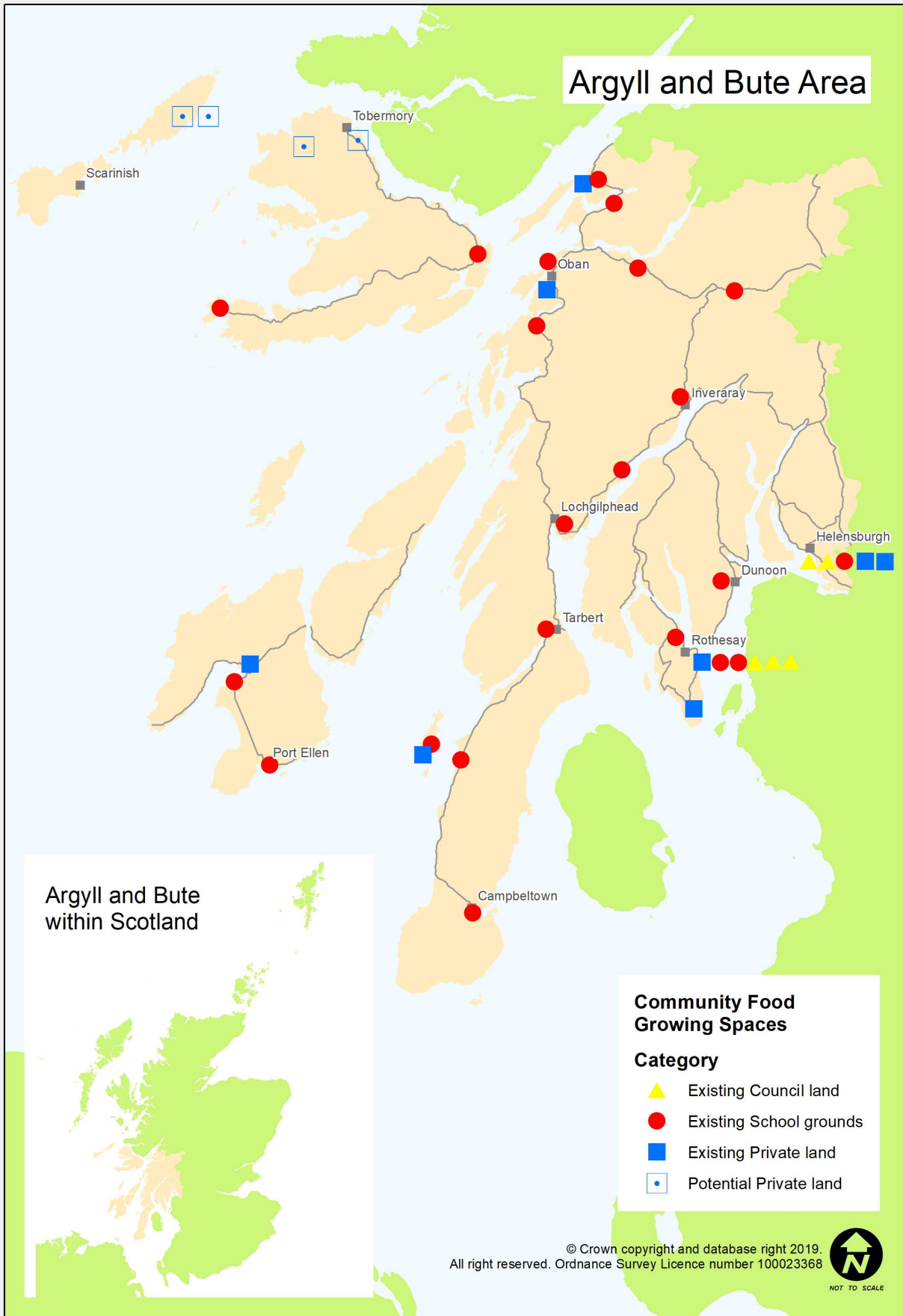
Some of the barriers identified in the survey revealed that the cost of development, lack of community resources, availability of suitable land particularly in reference to climate and soil types.

In summary stakeholders were keen to provide us with information and a steer as to the benefits and where the opportunities for additional growing spaces could be developed.



**Individual Growing Spaces- Kinlochlaich Gardens.**

## **2.2 Current Allotment provision in Argyll and Bute- Indicative Map.**



2.3 Current Allotment Management Arrangements.

Argyll and Bute Council are the land owners for three well established allotments. These are managed by dedicated allotment associations. They are based in:

- 2.3.1 Helensburgh Allotment Association – Henry Bell Street, Helensburgh:** was established over 10 years ago where plots holders grow a variety of fruit, vegetables, flowers and herbs. In terms of interest there is a slow and steady turnover of plot holders.



**Helensburgh Allotment.**

- 2.3.2 Bute Allotment Association, The Meadows by Barone Street, Rothesay**  
The site is Community managed the Bute Allotment Association who organise the plots, rental of individual plots and waiting lists. The site is 0.28 Hectares.



**Bute Allotment Association- Rothesay**

- 2.3.3 Saint Andrews Allotment Association – Columns Hill Street, Rothesay**  
The allotment identifies as a community growing space and was established in 2011 with a variety of plots and the addition of a communal area. It is managed by the association. The plot

holders grow a variety of vegetables, fruit, herbs, flowers and even cactus. The site also supports a pond, a wildlife area and a chicken coop. The allotment is also used by St. Andrews Primary School and Apple Tree Nursery.



**Aerial View of the St. Andrews Allotment- Rothesay.**

### **Section 3.0 – Advice for Community Groups**

#### **3.1 Waiting List Register**

Under the Community Empowerment (Scotland) Act 2015, the council is required to keep a Waiting List Register. People can register their interest by emailing: [areagovernance@argyll-bute.gov.uk](mailto:areagovernance@argyll-bute.gov.uk) or alternatively please call: Stuart McLean – Governance and Law on: +441436658717

### 3.2 Planning Process

The following information is only relevant to a group wanting to establish a new growing space in their area.

When choosing a site for a community growing space it is important to engage at an early stage with planning staff in either the Council <https://www.argyll-bute.gov.uk/planning-application-guidance> or Loch Lomond and the Trossachs National Park Authority <https://www.lochlomond-trossachs.org/planning/our-planning-team/contact-planning-team/> who can advise on the relevant planning requirements, consents and advise in relation to the proposed site.

Planning consent may be required for a number of reasons, including:

- Change of use,
- Proposals within a designated area, for example garden and designed landscapes, sites of special scientific interest and conservation areas; and,
- Erecting structures on the site, such as outbuildings, fencing and parking.

There may also be other land use constraints for any potential food growing site. Notably, the use or disposal of ‘common good’ land or properties can be restricted by conditions imposed by those who gifted or sold the land or property. Similarly, land titles may impose burdens as to its use. These factors will need to be considered and investigated further before permission is given to prospective users. In some cases, court action will be required in order to reach a decision regarding use or purchase land with common good titles or burdens.

### 3.3 Guidance for Community Groups-

The purpose of the Community Growing Space Guidance is to provide a framework for community groups who wish to grow their own food.

The guidance contained in Appendix B will set the scene for a community group to consider and factor in basic and aspirational elements into their site when developing their community food growing space or community garden and if appropriate, how the space can link into neighbouring green or open space.

Please go to **Appendix B** for further information.



Barcaldine Primary School.



School project- protecting the apples

#### 3.3.1 List of advisory organisations:



1. Keep Scotland Beautiful Publication of new Creative Inquiry films to help groups plan and get started on food growing. <https://www.keepsotlandbeautiful.org/sustainable-development-education/food-and-the-environment/library/>
2. Scottish Allotments and Gardens Association. <http://www.growyourownsotland.info/support-organisations/>
3. Social Farms & Gardens [admin@farmgarden.org.uk](mailto:admin@farmgarden.org.uk)
4. Community Food and Health (Scotland) or CFHS: <https://www.communityfoodandhealth.org.uk/funding/funding-sources/>
5. As with all effective health interventions, therapeutic gardening is an evidence-based practice. <https://trellissotland.org.uk/>
6. The Royal Horticultural Society are driven by a sheer love of plants and the belief that gardeners make the world a better place - this underpins all we do. <https://www.rhs.org.uk/scotland>
7. Allotments and Biodiversity publication with advice to encourage and retain a variety of habitat creations and associated species: <https://www.queensgateallotments.org.uk/home/bio-diversity/>
8. Funding opportunities: Access the Argyll and Bute website for further information: <https://www.argyll-bute.gov.uk/community-life-and-leisure/grants-and-funding>
9. Argyll College UHI: <https://www.argyll.uhi.ac.uk/courses/nc-horticulture/>



**Helensburgh Allotment.**

## **Section 4.0 – Monitoring and Review of the Argyll and Bute Community Food Growing Strategy**

### **4.1 Monitor and Review:**

Argyll and Bute Council will monitor and review its Community Food Growing Strategy under Section 120 of the Act. This review will be carried out within 5 years of the date of the publication of the initial food growing strategy, and every five years thereafter. If the strategy needs to be changed following a review, then Argyll and Bute Council will update and publish the revised strategy.



**Pearl-bordered Fritillary – Sheila McKenzie**



**Lochgilphead Community Growing Space- construction phase.**

## Section 5.0 – Appendices

Appendix A - Questionnaire Summary Analysis

Appendix B - Community Food Growing Guidance leaflet.

## Appendix A – Questionnaire Summary Analysis.

## Community Growing Spaces – Summary Analysis

## Who responded?

Who responded	
Community Councils	2
Schools	5
Local Groups	7
Public	4
Care Homes	2
Housing Association	1
Anonymous	2
<b>Total</b>	<b>22</b>

## Q. Are you a member of a local horticultural or gardening society?

Are you a member of a local horticultural or gardening society	
Yes	4
No	18
<b>1 didn't answer</b>	

## Q1. Where is your community? E.g. Lochgilphead, Helensburgh, etc.

Where is your community	
Bute and Cowal	5
Helensburgh and Lomond	3
Mid Argyll, Kintyre and Islay	7
Oban, Lorn and the Isles	8
The National Park	1

## Q2. Is your organisation or are you actively involved in growing plants or food in your local area? (e.g. allotment, community garden, community orchard, private garden etc)

Is your organisation or are you actively involved in growing plants or food in your local area? (eg allotment, community garden, community orchard, private garden etc)	
Yes	17
No	6



## Q3. What type(s) of growing space do you have?

What type(s) of growing space do you have?	
Private Garden(s)	9
Community Growing Space(s)	7
Details of Community Growing Space(s):	
<ul style="list-style-type: none"> <li>• Barcaldine Primary School</li> <li>• Young Green Fingers at Rothesay Joint Campus</li> <li>• Lorn Organic Growers</li> <li>• Bute Produce</li> <li>• Lochgoilhead Park and Gardens</li> <li>• Hermitage Park Kitchen Garden</li> <li>• Helensburgh Allotments</li> <li>• St. Andrews Allotment- Rothesay</li> </ul>	
6 didn't answer question	

How long have you been active at this location	
Less than 1 year	2
1 – 5 years	2
6 – 10 years	1
Over 10 years	3
15 didn't answer the question	

What type of plot is it	
A shared plot/community growing space	3
Allotment	2
School grounds	2
Other (please describe)	1
developing a kitchen garden for use by various community groups and to support Hermitage Park	
15 didn't answer the question	

## Q4. Please tell us about what you grow here

What do you grow here	
Vegetables	8
Herbs	8
Fruit	8
Flowers	8
Other (please describe)	3
<ul style="list-style-type: none"> <li>• Wormeries</li> <li>• Trees</li> <li>• Chicken Coop</li> <li>• Pond</li> <li>• Wildlife area</li> </ul>	
15 didn't answer the question	

## Q5. How many years' experience do you have of growing?

How many years' experience do you have of growing	
Less than 1 year	2
1 – 5 years	5
6 – 10 years	3
Over 10 years	12
<b>1 didn't answer the question</b>	

**Q6. Would you be happy to share a photograph of your growing space with us?**

Would you be happy to share a photograph of your growing space with us	
Yes	8
No	11
<b>4 didn't answer the question</b>	

**Q7. Do you know of any other community growing spaces in your local area that you are not actively involved in? E.g. Allotments, community gardens, community orchards.**

Do you know of any other community growing spaces	
Yes	11
No	9
Don't know	3

**If yes, can you give us any information about this community growing space eg. Name, location etc.**

Name	Location
Local Allotment Association	Henry Bell Street, Helensburgh
Glenshellach Growers	Oban
Appin Community Development Trust	<a href="mailto:trust@appincoop.org">trust@appincoop.org</a>
Bute Produce	Bute
St Andrews Allotment Society	Bute
Bute Allotment Association	The Meadows, Rothesay, Isle of Bute, PA20 0ED
Kilchattan Bay Community Orchard	Bute
St Andrews Primary Square Foot Garden	Bute
North Bute Primary Square Foot Garden	Bute
Rothesay Primary Garden	Bute
Appletree Nursery Garden	Bute
Grow, Grow, Grow	Lochdonhead, Isle of Mull
Islay House Community Garden	Isle of Islay
Mount Stuart Trust	Bute
Dunbritton Housing Association Pot to Plot	Helensburgh
Ardardan Allotments	Ardardan Estate, Cardross, G82 5HD
Hermitage Park	Helensburgh
Geilston Gardens	Cardross

**Q8. Do you think there is demand for further growing space in your area?**

**Do you think there is demand for further growing**

space in your area	
Yes	12
No	3
Don't know	8

If yes can you tell us why you think this demand exists?

If yes can you tell us why you think this demand exists	
Lack of private gardens	1
Lack of community growing spaces	8
A growing interest in horticulture	8
A growing interest in the wider benefits of growing such as relaxation, health, biodiversity	9
Other reasons (see below)	10
<ul style="list-style-type: none"> <li>• People are increasingly keen on reducing food miles and working jointly for the common good. There are the additional benefits of sharing jams, chutneys and sharing heritage recipes, there is the social aspect which benefits health and wellbeing.</li> <li>• We have a waiting list for ours</li> <li>• People are interested in growing their own food. People in flats would like a garden area.</li> <li>• We have started an Incredible Edible journey and are seeking to grow food such as fruit and herbs in place of generic municipal planting.</li> <li>• Desperate need for young families to grow their own food - we have very little access to fresh fruit and vegetables or other healthy food and as a result we have very poor health, teeth, poor mental well-being and a much higher than average number of children and adults with additional support needs.</li> <li>• No hard evidence, but I grow veg in my garden and people say they wish they could too. One of the real issues for us here is deer and rabbits eating things so there would be a need for funding for fences etc.</li> <li>• I know of a staff member who has moved house and there is very little garden - potentially if there was allotments she would have been interested in this.</li> <li>• Existing provision is not enough and require "men's sheds" provision such as in other areas.</li> <li>• Health and wellbeing, the natural NHS.</li> <li>• I think publicity about healthy foods and gardening programmes on TV have stimulated some interest, but I think the demand is fairly low in Helensburgh. Experience shows that only one or two people per year seek an allotment and some people try running a plot but find it too time consuming and give up after a couple of years. So there is a slow but steady turnover of active plot holders.</li> </ul>	
<b>10 didn't answer the question</b>	

Do you know where this potential demand for growing space could be accommodated?

Do you know where this potential demand for growing space could be accommodated	
Yes	7
No	4
<b>12 didn't answer the question</b>	

If Yes please tell us about the location e.g. Where it is, how big, who owns it

If yes please tell us about the location	
<ul style="list-style-type: none"> <li>• Forestry Commission land</li> </ul>	

- There are many disused and derelict sites around Rothesay, Ardbeg and Port Bannatyne that could be used
- Fyne Homes have gifted us an area of land suitable for growing but we are without the financial or physical means to develop this site for community food growing.
- Don't really know, but there appears to be a lot of spare land, probably owned by the estate near here.
- In front of Kilarrow House (area office) there is a large piece of grass that could be made into a few small allotments. I think the Council owns this. Small field at the end of Beech Avenue that could be made into allotments.
- In and around our Council owned building and the linked NHS buildings.
- Hermitage Park, Helensburgh has more than enough space to accommodate additional plots if required. This may be enough to satisfy the low demand experienced at Helensburgh allotments as previously commented upon.
- Also James Street, Helensburgh Playpark/Garden could support a very small number of plots.

**Is there community capacity to help set up and run a growing space?**

For example groups or individuals with skills and other resources.

Is there community capacity to help set up and run a growing space	
Yes	10
No	2
Don't know	3
<b>8 didn't answer the question</b>	

**If No, please can you tell us why you think there is limited or no further demand for growing space?**

If No, please can you tell us why you think there is limited or no further demand for growing space?	
Private gardens available	2
Community growing spaces available	1
Limited interest in growing/gardening	
Limited gardening skills	
Lack of time	2
Growing conditions e.g. Soil, weather	
Rural area with local produce readily available	
Crofting community	1
Other reasons:	
<ul style="list-style-type: none"> <li>• A small community of permanent residents.</li> </ul>	

**Q9. What do you think the constraints are to bringing forward more growing space?**

What do you think the constraints are to bringing forward more growing space?	

Availability of suitable land in local area	9
Cost	14
Lack of local community resource (skills/time)	11
Weather/climate	1
Quality of local soils	1
Lack of interest	3
Other	12
<p><b>What other constraints do you think there are?</b></p> <ul style="list-style-type: none"> <li>• <b>Time</b> As a school there are a lot of pressures and deadlines to be met. I am keen to do some gardening in particular some vegetables with the children but when July comes along we are on holiday for 6 weeks and often things need regular watering especially if in poly tunnel.</li> <li>• <b>Bureaucracy</b> - The council used to have gardeners, but a lot of these have been released from employment by the council</li> <li>• <b>Time</b> - we have a lot of other things to fit into the day in school.</li> <li>• <b>Time / transport</b> - we are a very spread out community - so if you sited one community space at one end, say, it would be hard for others to get to without quite a lot of effort. The land next to the village hall is privately owned but that would be a possible solution as it at least is where community / gatherings are currently located and people are used to travelling there as a "hub".</li> <li>• <b>Expertise</b> to set up the area and accessible help to keep things going.</li> <li>• <b>Capacity</b> needs to be grown and supported with practical help and small amounts of budget. Things like groups being sent tax bills when they take over land and also Scottish Water need to be addressed.</li> <li>• <b>access to materials and physical machinery</b> to clear land, build beds, re-soil and cultivate, planting materials and support for watering etc. we have no funding and also would need a bit of support for folks that find it hard to access social or physical activities but really want/need to grow their own food.</li> <li>• <b>Deer and rabbits.</b></li> <li>• <b>organisation of the work needed</b></li> <li>• <b>I think asking the community whether they would be interested in an allotment would be the way to go.</b></li> <li>• <b>Political and lack of vision</b></li> <li>• <b>The main constraints are people having the time and interest in developing and maintaining growing spaces. After a year or two the novelty of growing vegetables etc wears off many of those who think they would like to try growing things. Those who benefit most are retired individuals who have already developed some interest in horticulture and now have more time on their hands.</b></li> </ul>	

Left Blank.

**Q10. What do you think are the most important benefits a “growing space” can bring to the community?**

(Please choose as many as you think are important and rank in order of importance with 1 being the most important, 2 the next most important etc.)

What do you think are the most important benefits a “growing space” can bring to the community?														
Health – improved diet	Health - exercise	Health - mental well being	Environment - biodiversity, bees and pollination	Environment - green networks	Environment - reduce food waste, reduce transport (climate change)	Education – learning about the environment and food	Economy - development of soft and technical skills	Economy - potential associated grant and funding regimes	Economy - savings from growing your own	Economy - potential links with local enterprise	Community - sense of community, reduce isolation	Community - volunteering opportunities	Community - sharing life skills, youth engagement	Other - please tell us what
3	2	1	11	4	10	5	6	7	9	8	12	13	14	
		3	5		2	1	4							
3	5				1	7	4				2		6	
		3			1	2					4			
2	3	4							1					
4	5	2	3	12	11	1	9	7	8	6	14	13	10	
3	9	8	4		1	2			5		6		7	
	4	1	2								3			
8	7	1			4	3	9		5	6	2		10	
1	1	1	1	2	1	1	2	2	2	2	1	1	1	
2	3	4	1	5										
10	9	8	2	3	1	5	4		7		11	12	6	
1	3	2	4	14	13	9	12	8	6	7	5	11	10	just getting fresh food on the table for your family and being able to provide that if you are unemployed and living in a rural
1	9	6	12	11	5	3	10	13	4	8	2	9	7	
8	3	2	6	7	10	4	12	13	11	5	1	14	9	
1	3	5	4		2	8			6				7	
1	1	1	1	3	3	1	5	5	3	5	2	2	1	
5	4	1	3						6				2	
1	2	3	4	5	7	6	8	9	11	12	10	13	14	
2	2	1	1	1	1	1	3	1	1	2	1	2	1	
11	10	2	8	9	7	6	5	14	13	12	1	4	3	
4	1	2	3	5					7		6			
1	1	1	1	1	1	1	1	1	1	1	1	1	1	All equally important.

**Q11. Is there anything further you would like to add in relation to community food growing in your area?**

Is there anything further you would like to add in relation to community food growing in your area

- There needs to be better integration across council departments, for example in planning there should be questions about what space there is for community growing when new developments are planned e.g. community orchards. When there are environmental developments like paths, there should be edible hedging, fruit trees planned as part of the development.
- Visit Bute Produce and the incredible edible Bute work for a unique model that focusses on inclusion, food, and employability
- We need help, finance, opportunity - we have been gifted land for food growing but need assistance and finance to make this space ready for planting and accessible for everyone that wants to grow.
- Our school is working in partnership with the community group Grow, Grow, Grow.
- We have a school garden and polytunnel and members of Grow, Grow, Grow come into school to work with the pupils and teach them about planting and harvesting. We allow them to also use the polytunnel out of school hours to grow their own vegetables.
- There used to be a 'horticultural' group here but it folded - I think it became too serious? Need to keep things practical. A recent gardener's question-time event held by the church was well-attended so I think there is a lot of interest. Apart from people's own gardens there is nothing on the island to encourage this and the provision of allotments would be a great benefit.
- Islay community garden has children visit from the schools to help, volunteers and they employ young people who go on to do other jobs after this.
- Here at Gortanvogie we have raised planters, where we grow vegetables and have patio fruit trees so that the residents who wish to be involved in growing these, picking them and preparing for use. This is our Grow for it project.
- Links to all age groups and abilities
- Not repeatable as targeting other group in their area as being a waste of funding and time.

**Q12. As a customer, are you happy with the way we have presented this survey and is there any way we could have provided a better service?**

As a customer, are you happy with the way we have presented this survey

Yes	21
No	1

**1 didn't answer the question**

Is there any way we could have provided a better service?

- The question asking to put things in order was a bit tricky. Perhaps this could be condensed or put in a way that only the top three are selected or similar.
- I'm not really sure if it was meant for a school to reply to ??? but it came to my inbox and I try and complete surveys when I can. I had thought it was enquiring if the school had land which could be used in an emergency situation to grow food until I completed the questionnaire.

**Appendix B – Community Food Growing Guidance leaflet.**



**Community Food Growing Space Guidance**



**Introduction:**

The purpose of the Community Growing Space Guidance is to provide a framework for community groups who wish to grow their own food.

The following information will set the scene for a community group to consider and factor in basic and aspirational elements into their site when developing their community food growing space or community garden and how if appropriate how the space can link into neighbouring green or open space.

In terms of involving local people, the community food growing space must be functional, attractive, accessible and meaningful in order to give them a sense of pride of place and ownership.

In terms of finding land:

<https://sc.communitylandadvice.org.uk/en/sc/homehttps://sc.communitylandadvice.org.uk/en/resource/finding-land-site-features-checklist>.



Example of Community run allotment.



**How can Community food growing spaces contribute to green spaces<sup>1</sup>?**

<sup>1</sup> Green space is a strategically planned and delivered network comprising the broadest range of high quality green spaces and other environmental features.





- Complimenting your food chain and experiencing the joy and satisfaction of harvesting produce from the garden.



### Steps to Setting up a Community Food Growing Space Group:

1. **Gauge interest-** in the local community by engaging with a range of age groups, either individually or via existing clubs/groups.
2. **Establish a group-** here is a general framework: management team, constitution, bank account, community growing space rules<sup>2</sup>, membership, funding, resources etc.
3. **Funding:** Access the Argyll and Bute website for further information: <https://www.argyll-bute.gov.uk/community-life-and-leisure/grants-and-funding>
4. **Finding a growing space-** contact the local authority at your earliest convenience: re. Unused land owned by councils or social housing providers, reclaiming disused land and or an allotment.
5. **Factors to consider when choosing a site-** take account of practical issues such as:
  - (i) Site based within easy reach of the community,
  - (ii) Access to water,
  - (iii) Electricity- not essential but worth checking out.
  - (iv) Space for a shed or storage,
  - (v) Access and security
  - (vi) Length of lease - how long will you be able to use the land for  
If you intend to apply for grants, funders will often want you to have a land/lease agreement for a minimum of five years.
6. **Legal aspects:**
  - (i) **Leases-** In implementing a scheme for devolved management, it is important to ensure that the community organisation taking on responsibility has an appropriate and democratic constitution
    - (ii) **Public Liability** – The lease should also include a requirement for the association to take out an appropriate scheme of insurance to indemnify the local authority and protect the association, its volunteers and its members as well as third parties on site – with or without permission. Some insurers offer policies specific to the needs of allotment sites and associations; again, representative bodies can offer advice.
    - (iii) **Equal opportunities** – Community Growing Spaces should operate within the spirit of equal opportunities and are rented out on a first-come first-served basis, without preferential treatment.  
Your age, gender, race, cultural background, sexual orientation, religion or health are not a barrier to you renting a plot.

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<sup>2</sup> Community Growing Space Plotholder Management Obligations (Rules)  
<https://dtascommunityownership.org.uk/sites/default/files/Scotland%20Community%20Garden%20Starter%20OPack.pdf>

7. **Plan your garden**, the headings below will assist the group in planning their community food growing space.
8. **Factor in Biosecurity**- which is defined as a set of preventive measures designed to reduce the risk of transmission of infectious diseases in crops and livestock, quarantined pests, invasive alien species, and living modified organisms (Koblentz, 2010). On page 7 is an example of a poster suitable for your growing space.



### **What Community Groups need to consider when designing their new community growing spaces?**

**Planning Permission**- seek guidance from the local authority.

<https://www.argyll-bute.gov.uk/planning-and-environment/pre-application>

#### **Planning consent will be required for:**

Change of use of land, for example from open space to allotment;

- Any works within a Conservation Area; and
- Structures on site, including:
- Outbuildings and sheds on each individual plot;
- Communal buildings;
- Fencing; and
- Parking facilities.

A detailed design of new sites involves striking the right balance between the preferences of new plot holders and the interests of the broader public. It should also incorporate and sound environmental practices which should include biodiversity benefits.



### **Factors to Consider:**



**Access**- gated and lockable, car parking (restricted mobility, and to enable deliveries of manure and other essentials, parking for bikes.



**Infrastructure and facilities:** Note not all components will be required when setting up a growing space site; the list will provide the group with identifying priorities: paths- wide enough to accommodate a variety of users, flexible layout, variable height beds, adjacent to conventional plots, water, communal shed and or tunnel with rainfall collection facility as not all plots will be able to accommodate individual shed.

Where sheds, greenhouses and polytunnels are not supplied but are permitted, there should be clear design and/or supplier guidelines to ensure the overall quality of the construction on site and to enhance the external view.



The need to provide toilets will depend on whether alternative facilities are already accessible in the vicinity; where there are none, then the most environmentally friendly alternative is recommended such as a composting toilet



**Perimeter Fence:** (palisade) with mixed hedging in for shelter and provide a habitat.



**The Layout:** should meet the needs of the users with a variety of plot sizes: starter to more advanced- this can include raised beds. There are a number of ways of cultivating the plots themselves that achieve maximum environmental gain alongside the production of a rich crop of fruit and vegetables should be given positive support. For example, a section of the site may be reserved for use by organic growers. For other ways that plot holders on new (and existing) sites can be encouraged to reduce their environmental impact by adopting green gardening practices.



**Plots:** will vary in size and all must be demarcated and numbered.



**Composting and Waste disposal:** there should also be a policy, though the details (and associated infrastructure) will depend in part on site conditions (e.g. is there an otherwise unusable space that could be used for communal composting?).



**Integrating Biodiversity into your Community Food Growing Space:** as an important community facility your growing space can provide a valuable habitat for many native plants and animals, especially in more built up areas where green space may be limited. The variety of food growing in the cultivated plots, compost heaps, grass areas, sheds and boundary plantings of trees and hedgerows can attract a variety of birds, invertebrates and mammals.



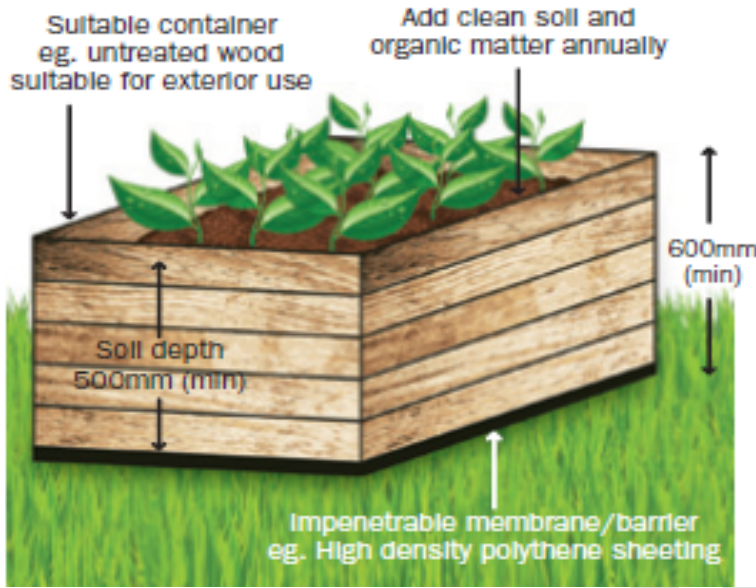
Example of a variety of food and flowers in a raised bed.



**Guide for Growing on Contaminated Land:** the guidance is very useful.

<http://www.growyourownsotland.info/wp-content/uploads/images/Guide-for-growing-on-contaminated-land.pdf>

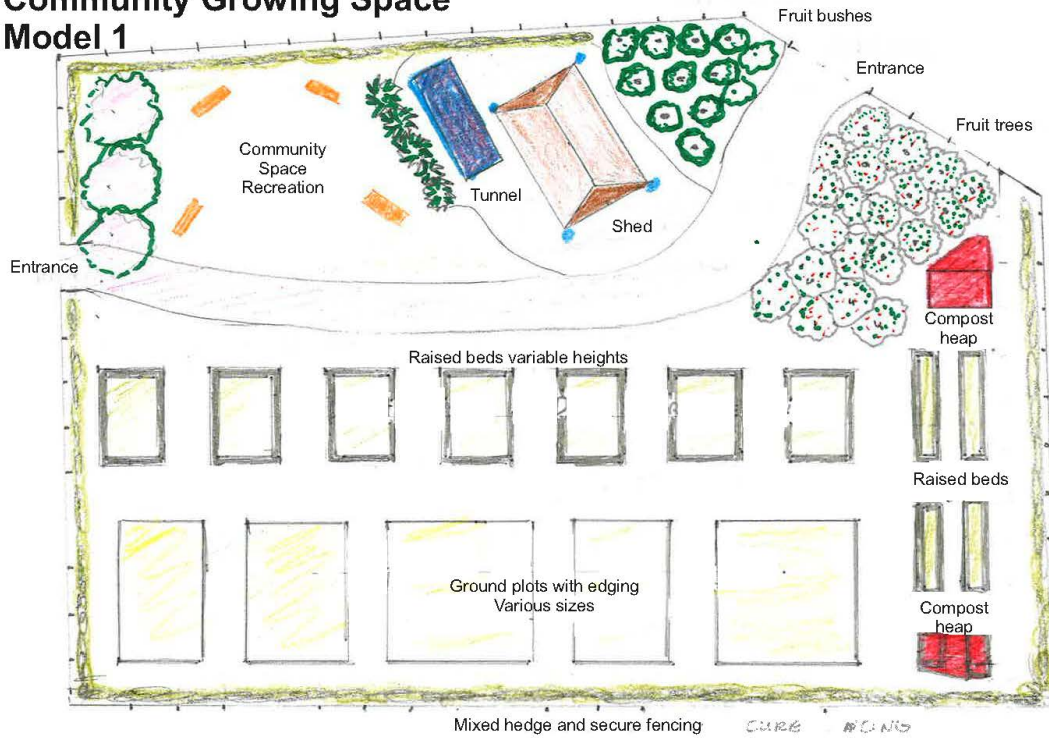
### Diagram of a "perfect" raised bed



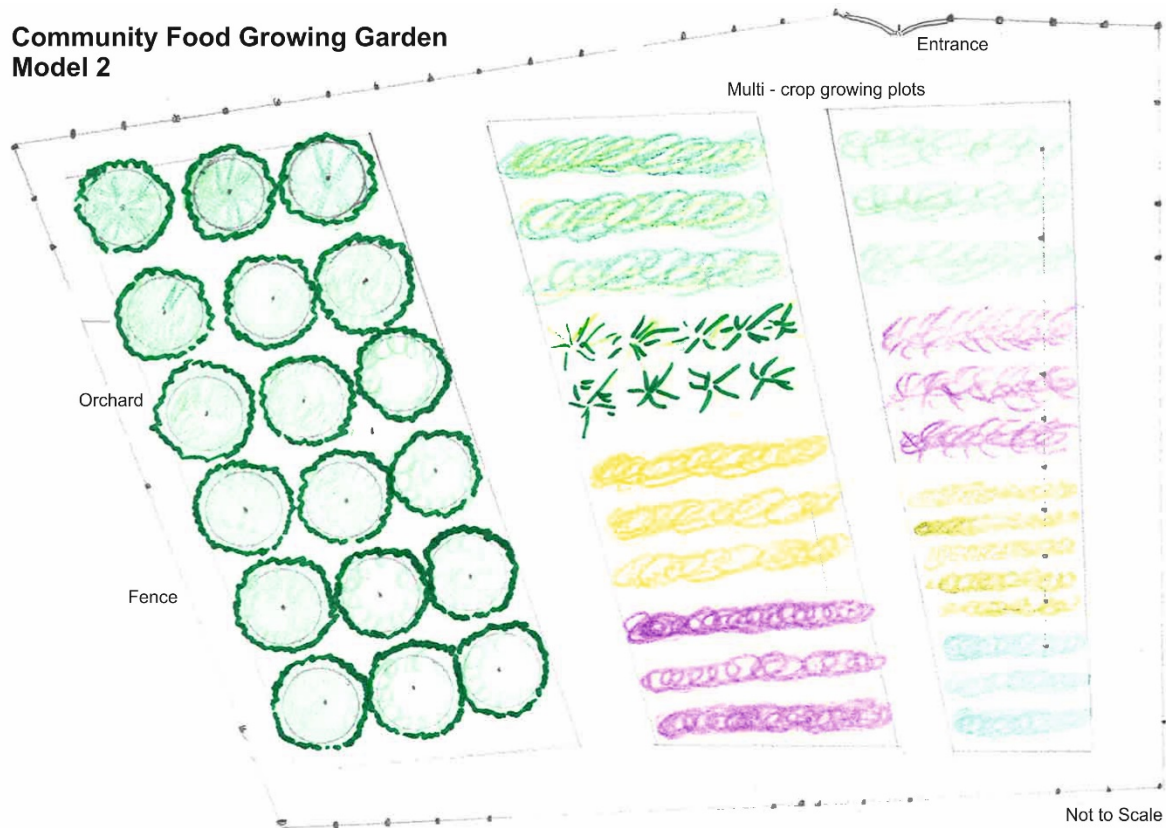
### Examples of Community Food Growing Space Sites-

**Model 1**= with a variety of amenities/facilities and **Model 2**- community garden.

### Community Growing Space Model 1



Community Food Growing Garden  
Model 2



Biosecurity for your Community Growing Space – an example:

<https://books.google.co.uk/books?id=Gmq-CgAAQBAJ&pg=PA249&lpg=PA249&dq=national+trust+biosecurity+turning+over+a+clean+leaf&source=bl&ots=6eaf0-VG8N&sig=ACfU3U1OyOla4og1-jeK1ShNiFTRBOSVRw&hl=en&sa=X&ved=2ahUKEwix1-u-8-vjAhVUa8AKHQjeBqEQ6AEwAHoECAkQAQ#v=onepage&q=national%20trust%20biosecurity%20turning%20over%20a%20clean%20leaf&f=false>



## TURNING OVER A CLEAN LEAF

THE NATIONAL TRUST

## How to protect your garden from pest and disease invaders

**1 Plants coming in:** this is the way that most pests and disease-spreading pathogens enter a garden!

**What can you do?**

- Use reputable suppliers who have been 'checked out'
- Source locally if possible
- Avoid cheap imports and semi-mature specimen trees from abroad

**2 Plants on arrival** need careful inspection.  
**Remember to:**

- Check paperwork for compliance with purchase order form and plant passport if needed (eg EC Plant Passport UK/EW 12345)
- Only accept delivery if you are sure that the plants are healthy

**3 Quarantine areas** should be isolated from the main garden and the public.

**What more can you do?**

- Restrict access to the area
- Be scrupulous about hygiene
- Use dedicated tools
- Hold new arrivals for 2-6 weeks and monitor frequently

**4 Day-to-day hygiene:** many pests and pathogens are carried on boots!

**It's important to:**

- Wash all soil and plant material from footwear, and disinfect them
- Clean and disinfect tools and machinery

**5 Basic path maintenance** can help too.

**How?**

- Surfacing and leveling avoids puddles
- Cleaning and clearing removes leaves and plant debris that can harbour pests and pathogens

**6 Good plant husbandry** also matters.

**What can you do?**

- Use the right plant in the right place
- Mulch when planting perennial ornamentals to prevent soil splashing onto foliage
- Use spaces to help ventilation and reduce humidity
- Manage plants to encourage vigorous, healthy growth
- Prevent plants such as *Rhododendron ponticum* from choking the garden



**7 Clear information** helps keep visitors informed and aware.

**Why put up a notice?**

- To inform visitors of serious outbreaks
- To restrict access to ground under repair
- To suggest responsible behaviour eg clean shoes, not taking cuttings, keeping to paths, dogs on leads etc

**8 Irrigation water** should be clean and free from plant pathogens.

**How can you ensure this?**

- When using recycled water, eg collected off roofs, try to clean it before use (sand filtration works well)
- Cover water tanks to prevent leaves blowing in
- Regularly test water to check for pathogens

**9 Organic waste** can harbour pests and pathogens.

**What should be done with it?**

- All dead plants, prunings, fallen leaves etc should be collected and disposed of safely
- Composting is the best way, as it kills most pests and pathogens
- Or you could collect waste in a covered skip for removal to an approved landfill site
- Small amounts can be burnt where they lie

**10 Plant collections** know what you've got.

**What can you do?**

- Make a record of the plants in the garden
- Develop a management plan to conserve important plants
- Propagate important plants through the Plant Conservation Programme

**11 Regular monitoring** of the health of your plants lets you spot problems early and take prompt remedial action.

**What can you do?**

- Familiarise yourselves with the main pests and diseases of plants in your garden
- Get problems identified
- Report all suspicious symptoms to your Garden Adviser
- Notify suspect findings of quarantine pest and diseases to Plant Health authorities

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND  
INFRASTRUCTURE SERVICES****15 AUGUST 2019**

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**Business Loans Scotland Ltd – Proposal to Amend the Articles of Association**

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**1.0 INTRODUCTION**

- 1.1 Business Loans Scotland (BLS) was awarded the contract to deliver a new Debt Fund herein referred to as Phase 2 from January 2019. A significant difference between the two phases, is that Phase 2 is fully funded by the Scottish Growth Scheme and the European Regional Development Fund and therefore did not require any match funding contribution from the Member Authorities.
- 1.2 As the match funding, contributed by the Member Authorities under Phase 1 is not required to be used for Phase 2, there are a number of Member Authorities seeking to withdraw their Phase 1 match funding from BLS. Argyll and Bute Council's match (£50k) was transferred in from the West of Scotland Loan Fund.
- 1.3 The Articles of Association for BLS, as they are currently written, prevent the Company returning funds to a Member Local Authority due to the "asset lock" provisions written into the Articles. It would therefore be prudent to seek approval for the Articles of Association for BLS to be amendment to ensure that Phase 1 match funding of up to £50k could be returned to Argyll and Bute Council to be used for "SME development activities" as prescribed in the letter from the Scottish Government, dated 2<sup>nd</sup> November 2017. To ensure this money is used for "SME development activities" it will be returned to Argyll and Bute Council's Business Gateway Team.

**2.0 RECOMMENDATIONS**

- 2.1 Members of the Policy and Resources Committee are asked to:
  - Approve the change to the BLS Articles of Association; and
  - Provide delegated authority to the Economic Growth Manager, Director BLS to advise the BLS Board of this decision and complete any necessary paperwork to be signed, with the Head of Development & Economic Growth, to withdraw the Phase 1 match funding.

**3.0 DETAILS**

- 3.1 In order to change the Articles of Association to allow a Member Local Authority to withdraw funds from BLS and return those funds to its Local Authority, it is proposed by the Board of Directors, in discussion with the Fund's solicitors, Wright, Johnston and Mackenzie LLP (WJM) to issue a Special Resolution to the Members.

- 3.2 The proposed Special Resolution, prepared by WJM would amend Articles 4.2 and 20 as follows:

Article 4.2 of the existing Articles of Association of the Company be deleted and the following be substituted therefor:

*“4.2 The income and property on the Company, howsoever derived, shall be applied solely towards the promotion of the objects of the Company as set forth in Article 4.1, save that the Company may distribute funds it holds to the Members in the proportions agreed among them” and*

Article 20 of the existing Articles of Association of the Company be deleted and the following be substituted therefor:

*“20 If, upon a winding up or dissolution of the Company, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same may be paid to or distributed among the Members in the proportions agreed among them.”*

- 3.3 For the Special Resolution to be passed by the Company, it requires the approval of 75% of the Full Members of the Company. Therefore, for the Resolution to pass, 21 Full Members are required to agree to amend the Articles of Association as prescribed in the Special Resolution.

#### **4.0 CONCLUSION**

- 4.1 The Policy and Resources Committee members are asked to endorse the recommendations of this paper to enable the amendments to the Articles of Association for BLS to be made and to progress the procedure to withdraw appropriate resources from BLS, up to a total of £50k, and returned to Argyll and Bute Council’s Business Gateway Service to be used for “SME development activities”.

#### **5.0 IMPLICATIONS**

- |     |           |  |
|-----|-----------|--|
| 5.1 | Policy    | Making a local authority loan fund available to businesses across Argyll and Bute supports the Council’s revised Economic Strategy 2019-2023 and aligns to the focus on rural entrepreneurship in the Rural Growth Deal.   |
| 5.2 | Financial | Argyll and Bute Council will be able to progress with withdrawing funding from BLS Phase 1 back to the Argyll and Bute Council’s Business Gateway Team. Initial match funding for BLS came from the West of Scotland Loan Fund with no additional funding required from the council. |
| 5.3 | Legal     | Officers sought advice from the council’s legal department with regard to the proposed changes to the Articles of Association and no further comments were provided. It was also advised that given the level of funding involved (up to £50k) the Head of                           |

Development & Economic Growth and the Economic Growth Manager could be the two named signatories to sign the final Special Resolution.

- |     |                                 |   |
|-----|---------------------------------|---|
| 5.4 | HR                              | None.   |
| 5.5 | Equalities/Fairer Scotland Duty | This will have no adverse impact on key equality groups. BLS complies with all Equal Opportunities policies and obligations.  |
| 5.6 | Risk                            | Without the amendment to the Articles of Association, the £50k match funding for Argyll and Bute Council will remain in BLS and not returned to the council for “SME development activities” in the Argyll and Bute area. |
| 5.7 | Customer Services               | None.   |

**Executive Director of Development and Infrastructure, Pippa Milne  
Policy Lead, Cllr Aileen Morton**

**For further information contact:**

Ishabel Bremner, Economic Development Manager, tel: 01546 604375

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND ECONOMIC  
GROWTH****15<sup>th</sup> August 2019**

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**REQUEST FROM THE COUNCIL'S INWARD INVESTMENT FUND  
SCOTTISH MARINE INDUSTRY TRAINING CENTRE - PROJECT DIRECTOR**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report concerns a request by Argyll College UHI seeking funding of £105,040 over a two year period to July 2021 from Argyll and Bute Council's Inward Investment Fund. The purpose of the funding is to create a new role of Project Director to help deliver a new £7m **Scottish Marine Industry Training Centre (SMITC)** within the **European Marine Science Park (EMSP)** at Dunstaffnage, Oban. This appointment of this post will enable a comprehensive curriculum plan and business case to be developed for the new facility that will inform the **Argyll and Bute Rural Growth Deal (RGD)** submission to both the Scottish and UK Governments together with assisting the aspirations of Highlands and Islands Enterprise (HIE) for the future expansion of the EMSP and the growth of Argyll College UHI curriculum offer.
- 1.2 The creation of the SMITC is a key project in the delivery of 'Oban: A University Town' to achieve the ambition of circa 80 full-time and 440 part-time student within six years of the SMITC being fully operational. This growth in the student population, in the main aged 16-25, will contribute towards reversing population decline across Argyll and Bute. Additional growth will also be realised for Argyll and Bute as the skills training provision at the SMITC will align with identified employment opportunities from businesses across the region, where it is anticipated that a proportion of individuals will remain in the area following completion of their studies. The demand for the SMITC is based on strong evidence of industry demand in the area, and will have a focus on vocational education such as apprenticeships, and specific skills courses. Therefore very high rates of local employment are anticipated.
- 1.3 It should be noted that this funding request to Argyll and Bute Council is supported by other contributions to this development from other partners such as HIE and from Argyll College UHI itself.
- 1.4 The National Marine and Maritime Training Network, which represents all appropriate colleges across Scotland is fully supportive of this development; noted as one the most advanced project of its type in Scotland.
- 1.5 Members of the Policy and Resources Committee are asked to:
- Approve the release of £105,040 funding from the council's Inward Investment Fund over two financial years to enable Argyll College UHI to develop a comprehensive curriculum plan and business case for a new SMITC within the EMSP, Oban.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

DEVELOPMENT AND ECONOMIC  
GROWTH

15<sup>th</sup> August 2019

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**REQUEST FROM THE COUNCIL'S INWARD INVESTMENT FUND  
SCOTTISH MARINE INDUSTRY TRAINING CENTRE PROJECT DIRECTOR**

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**2.0 INTRODUCTION**

2.1 This report considers Argyll College UHI request for funding of £105,040 over a two year period to July 2021, from Argyll and Bute Council's Inward Investment Fund to create a new role of Project Director for the £7m SMITC within the EMSP at Dunstaffnage, Oban. This appointment of this post will enable a comprehensive curriculum plan and business case for the new facility to be developed that will inform the Argyll and Bute RGD bid to both the Scottish and UK Governments together with the aspirations of HIE with regard to the expansion of the EMSP and the growth of Argyll College UHI curriculum offer.

**3.0 RECOMMENDATIONS**

3.1 Members of the Policy and Resources Committee are asked to:

- Approve the release of £105,040 funding from the Council's Inward Investment Fund over two financial years to enable Argyll College UHI to develop a comprehensive curriculum plan and business case for a new SMITC within the EMSP, Oban.

**4.0 DETAILS**

**Project Context: Marine Industry Training Centre (SMITC)**

4.1 Argyll College UHI is seeking funding of £105,040 over a two year period to July 2021 from Argyll and Bute Council's Inward Investment Fund to create a new role of Project Director for the £7m SMITC within the EMSP in Dunstaffnage, Oban. The request for £105,040 equates to 80% of the full-time salary costs (including on-costs) over the two-year period. This appointment of this post will enable a comprehensive curriculum plan and business case for the new bespoke, state of the art, facility to be developed that will inform the Argyll and Bute RGD bid together with the aspirations of HIE with regard to the expansion of the EMSP and the growth of Argyll College UHI curriculum offer.

4.2 Provision at this new facility is anticipated to include vocational training and academic education as well as furthering the development of a skilled workforce to support the sector through CPD and mandatory training courses. The Project Director will engage with industry to develop the final design for the facility, examples of what might be incorporated include: specialist joinery, Glass Reinforced Plastics (GRP), metal and engine workshops, fabrication spaces,

teaching and laboratory space and a cold-water survival training pool. The development is a collaborative opportunity meeting the needs of the local community through to national industry and will contribute to the development of a world-class marine and maritime offering within the EMSP.

- 4.3 The development of a SMITC in Oban has come about following clear demand from industry and both regional and national studies assessing sectoral skills requirements. The Marine and Maritime Training Network (MMTN) is a sectoral group of the Energy Skills Partnership, of which Argyll College UHI is a member, along with a range of respected marine education and research institutions, where individual member institutes have already expressed an interest in using the proposed SMITC facilities.
- 4.4 Progress is now required in advance of a finalised RGD deal to ensure that the current opportunity is not missed, or goes elsewhere. The Oban proposal is currently the most developed in Scotland, however demand and interest from other areas is such that this advantage could easily be lost if progress to date is not built upon. Further to recent feedback with officers involved in other city and growth deals, it has been advised that 'shovel ready' projects are more likely to be funded. The SMITC is the first tangible project stemming from the 'Oban: A University Town' (OaUT) initiative relating to curriculum development and is fully supported by the OaUT Steering Committee Partners and the MMTN.

#### **European Marine Science Park**

- 4.5 HIE has invested significantly in the development of the EMSP, and is currently developing plans for Phase 2 of the Science Park, which will include road and infrastructure upgrades which will pave the way for the development of the SMITC. The centre will complement all the existing activity at the EMSP, particularly the growth in the student cohort, which will seek to attract a wider student base.
- 4.6 The EMSP is a business cluster with a diverse mix of businesses engaged primarily in marine biotechnology and aquaculture supply chain activity and research and development. A skilled marine workforce is integral to supporting continued success and growth of these businesses and the buoyant marine economy across Argyll and Bute, which encompasses marine engineering, boatbuilding and marine tourism. The SMITC will provide the skills for the future that will enable the wider marine economy to retain sustainability and to support the growth of the region. The addition of further education and vocational training afforded by the SMITC development will complement the higher education, research and enterprise already offered on the EMSP by the Scottish Association for Marine Science (SAMS).

#### **Opportunities and Benefits**

- 4.7 The provision of the Project Director post will afford a number of opportunities and benefits as follows:
  - **creation of the SMITC itself** - the development will provide opportunities for young people in Argyll and Bute, and beyond, to develop a career within the marine and maritime sectors and raise awareness of both current and future employment opportunities in a growing industry. It is anticipated that

the facility will accommodate approximately 30 full-time (FT) and 220 part-time (PT) students in the first year of operation, progressing to around 80 FT and 440 PT within six years. Studies have shown that the expenditure of Scottish domiciled FT students to be conservatively estimated at £8,678 per annum, therefore the facility has the potential to contribute over £1 million to the local economy each year. This growth in the student population in the main aged 16-25 will contribute towards reversing population decline across Argyll and Bute. Additional growth will also be realised for Argyll and Bute as the skills training provision at the SMITC will align with identified employment opportunities from businesses across the region, where it is anticipated that a proportion of individuals will remain in the area following completion of their studies. The demand for the SMITC is based on strong evidence of industry demand in the area, and will have a focus on vocational education such as apprenticeships, and specific skills courses. Therefore very high rates of local employment are anticipated. Economic impacts are estimates at this stage and a full economic impact assessment will be completed as the project progresses. Overall, the creation of this facility and potential for additional students coming into the region will have significant economic benefit directly in terms of job creation, student spending and commercial courses, but also considerable indirect benefits through growth of the marine and maritime sector. The facility will also eventually employ six full-time equivalent (FTE) staff contributing circa £250k to the local economy on an annual basis;

- **income generator for Argyll College, UHI** – the education and training offering at the proposed SMITC to meet industry demand for marine and maritime services offers a commercial opportunity for Argyll College, UHI. The income to be generated by the Argyll College UHI from this facility will enable further investment in its curriculum offer across Argyll and Bute’s Learning Centres and contribute significantly to regional economic growth, with the potential for students of the SMITC to move into higher value employment; and
- **contribute to the growth of Argyll and Bute’s marine and maritime sector** - Argyll and Bute is at the forefront of the development of the marine economy of the Highlands and Islands region. The area has abundant natural resources, strong marine heritage, excellent science and innovation foundations, and a skilled workforce spanning global scientific research, aquaculture, marine leisure, engineering and boat building. The existing curriculum options within Argyll College UHI will be developed to include a more advanced and diverse curriculum in the marine and maritime sector and partnerships will be developed with other specialist providers as required. Continued engagement and collaboration with local and national employers in the marine and maritime sectors will help inform the content of the new curriculum, ensuring developments align with current as well as future industry requirements.

### Resources to Date

- 4.8 The £160,000 investment to date on the SMITC concept has come from HIE, including the funding of the 2016 Study Tours (the council paid for its staff to attend), public engagement, a scoping report and action plan being published and



OaUT management being put in place. Additional funding and studies by Skills Development Scotland (SDS), University of the Highlands and Islands and HIE has provided the sector-specific evidence base for this development. Further in-kind contributions have come from OaUT project partners, including the council and Argyll College UHI, with senior management time contributing to the process over recent years. Therefore the total investment to date of circa £160,000 directly has been complemented by a number of indirect contributions coming from staff input and management time from partner organisations.

### **Resources Required and Key Milestones**

- 4.9 Argyll College UHI has entered a new phase in its development. With a new Principal and Chief Executive, it is embarking on an ambitious expansion plan with the SMITC being one major element. In order to progress plans for the SMITC in Oban, a project delivery team has been established including representatives from the core group that has been taking forward OaUT, including Argyll and Bute Council, HIE and Argyll College UHI. The group has been working to specify the opportunity and develop plans and proposals to take this forward. At a meeting in March 2019, which involved Argyll and Bute Council together with the other key partners, the project was identified as a strategic priority for Argyll and Bute as a place to live and learn in, and the team then went on to discuss the resources required to develop this project.
- 4.10 It was clearly recognised that a significant time resource has already gone into the development of the project, but that it now required a dedicated Project Director to deliver the SMITC by September 2021, subject to securing the required capital funding through the RGD. Current funding and resources available to the college mean that it is unable to progress this project without financial assistance. Funding opportunities from other enterprise agencies and public bodies have been explored but funds are either fully committed or are restricted by criteria that do not match this project. It was therefore agreed that Argyll College UHI should submit a funding request to the council for consideration to enable the appointment of this Project Director post. In addition to £105,040 sought from Argyll and Bute Council, the funding proposal includes a contribution from Argyll College UHI of circa £47,400 plus the requirement for the new Project Director to seek another £50,000 of funding from other sources.
- 4.11 If capital funding is not secured through the RGD, partners are committed to the project and consideration will be given by partners and the Project Director to alternative options for funding delivery. The £105,040 sought from the Inward Investment Fund will be the extent of Argyll and Bute Council funding.
- 4.12 An initial scoping paper has been developed for the position, which will have a phased approach and will include the following responsibilities:
- **Phase 1:** Ongoing engagement to inform the detailed facility design;
  - **Phase 2:** Detailed design phase to planning application submission; and
  - **Phase 3:** Curriculum and training development, budgeting and funding.

The detailed activities and achievements to be realised for each of the above stages is outlined in **Appendix A, Table 1**. Funding of the Project Director will enable the project to progress to a construction ready stage.

At present key milestones for the proposed SMITC project, coupled with resource requirements are as follows:

- August 2019: Funding submission to Argyll and Bute Council's Policy and Resources Committee;
- August 2019: Ministerial visit to Oban;
- September 2020: Initial development of infrastructure within EMSP; and
- September 2021: Begin construction of SMITC, subject to secured funding.

### **The Inward Investment Fund**

4.13 The Inward Investment Fund was initiated by the Argyll and Bute Council in May 2016 with the criteria of the fund further amended to ensure that any expenditure supports the development of the Argyll and Bute RGD. The purpose of the fund is to promote the growth of the Argyll and Bute economy through attracting significant inward investment to the region that has the potential for a transformational impact. It is considered that the creation of this new SMITC facility has the potential to have this impact not only in Oban, but across the whole of the Argyll and Bute Council area.

## **5.0 CONCLUSION**

5.1 There is a need to expand further and higher education possibilities in Argyll and Bute to allow for greater choice for local students and people considering studying in our region. This request of £105,040 of grant funding from Argyll and Bute Council's Inward Investment Fund over two financial years will allow a comprehensive curriculum plan and business case for the new SMITC to be developed that will inform the Argyll and Bute RGD. The funding will also help realise the ambitions of Oban to develop further as a University Town.

## **6.0 IMPLICATIONS**

6.1 **Policy** – the Development of 'Oban: A University Town' through the development of the SMITC is a key element of the Argyll and Bute RGD and the expansion of the EMSP is supported by the Local Development Plan as a Business Allocation.

6.2 **Financial** - a request of £105,040 of funding over two financial years is being made from the established Inward investment Fund.

6.3 **Legal** – no legal issues.

6.4 **HR** – none.

6.5 **Equal Opportunities** – there are no equal opportunities implications.

6.6 **Risk** – there is no guarantee that this investment will enable the new centre to proceed. That said, not agreeing to fund these development costs will inevitably delay the delivery of the SMITC as no other sources of funding have been identified to undertake this critical piece of work.

6.7 **Customer Service** – there are no customer service implications.

**Executive Director with responsibility for Economic Growth:** Pippa Milne.  
**Policy Lead:** Cllr Aileen Morton.  
2<sup>nd</sup> August 2019

**For further information contact:**

Fergus Murray, Head of Development and Economic Growth, tel: 01546 6042935  
Ishabel Bremner, Economic Growth Manager, tel: 01546 604375

## Appendix A, Table 1: Phased Approach to the Project Director Post

<b>Table 1: Phased Approach to the Project Director Post</b>	
<b>Phase 1: Ongoing engagement to inform the detailed facility design:</b>	
1)	Develop a vision document for wider circulation.
2)	Manage SMITC project team / steering group
3)	Ensure curriculum plan for SMITC meets current and future needs of students and employers and feeds into the detailed design phase of the building.
4)	Industry engagement including:
a)	Formal: technical onsite specification requirement.
b)	Formal: industry leaders and investors with a view to attracting additional funding.
c)	Informal: local and national industry to manage expectations and involvement.
<b>Phase 2: Detailed design phase to planning application submission:</b>	
5)	Co-ordinate with EMSP management and other local stakeholders such as SAMS to ensure synergies are maximised.
6)	Develop detailed design with architects, QS, and industry, advising on technical requirements <b>(this would require additional external contractor funding as outlined in Table 1 above)</b> .
7)	Identify, co-ordinate and maximise funding streams from smaller sponsorship opportunities to large scale investments.
<b>Phase 3: Curriculum and training development, budgeting and funding:</b>	
8)	Scope potential timetabling to optimise delivery including academic and commercial courses.
9)	Build short, medium and long term business case.
10)	Media strategy and engagement between Argyll College UHI, HIE and Argyll and Bute Council.
11)	Develop partnership opportunities with specialist providers.

Source: Argyll College UHI

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****DEVELOPMENT AND ECONOMIC  
GROWTH****15 AUGUST 2019**

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**FILM IN ARGYLL AND BUTE – REVIEW OF FILM LOCATION CHARGING SCHEDULE**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to consider the Film Location Charging Schedule, which was previously approved to run for 1 year as a pilot, for permanent implementation. The Charging Schedule highlights opportunities to make better use of the Council's assets for the purpose of filming by production companies and individuals looking to film in Argyll and Bute. It was adopted to ensure that the Council can continue to offer the film industry a flexible range of location options which are fit for purpose. It is also important that the Council developed a structured transparent process when dealing with filming on our assets to ensure the service provides a fair approach to charging to avoid uncertainty and delay with enquiries. The key focus continues to be how the Council can improve the service it is providing to the industry.
- 1.2 A Screen Industries Update Report, which was recently considered at Economic Development and Infrastructure committee on 6<sup>th</sup> June 2019, outlined the work the Council were doing to promote the area for film linked to the Argyll and Bute Outcome Improvement Plan 2013 - 2023 priorities and Argyll and Bute's Economic Strategy, this report builds on this.
- 1.3 It is recommended that:-
- Policy and Resources consider and approve the Film Location Charging Schedule for permanent implementation. Charges to be reviewed annually as part of the budget process;
- 1.4 The purpose of the Council providing a service to the screen industry is to ensure that we continue to attract inward investment into Argyll and Bute and take advantage of any economic opportunities that may arise as a result of a production filming in the area.
- 1.5 The schedule that was adopted for pilot aligns with the Council's new commercialised approach to delivering services and ensures that we are making best use of our assets wherever possible. ('One Council' property approach). However, the Council recognises the importance that it remains film friendly and flexible when charging so as not to deter filming within the area.
- 1.6 The implementation of the piloted charging schedule in August 2018 has proved successful to date, with the number of film enquires and productions coming to the area continuing to grow. It has been noted in the previous Screen Industries Update report in June 2019 that the film office facilitated 40 productions. Of these productions, 11 entered into a formal film location agreement with Argyll and Bute Council totaling **£7,805** in commercial and statutory fees. Examples of these productions can be found in Appendix 1.
- 1.7 It should be noted that the Council are yet to enter into a formal agreement with a large production company which could potentially raise an income of £1,000 per day in commercial fees for the use of one of the Council's assets. Economic Development will continue to promote the Council's assets as potential locations to forthcoming enquires where appropriate. However, the income generated by filming is entirely industry led and therefore cannot be accurately projected and figures are expected to vary annually.

1.8 It is recommended that the:-

- Policy and Resources committee consider and approve the Film Location Charging Schedule for permanent implementation. Charges to be reviewed annually as part of the budget process.

**FILM IN ARGYLL AND BUTE – FACILITATING THE USE OF COUNCIL ASSETS**

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**2.0 INTRODUCTION**

- 2.1 The purpose of this report is to consider the Film Location Charging Schedule, which was previously approved to run for 1 year as a pilot, for permanent implementation. The Charging Schedule highlights opportunities to make better use of the Council's assets for the purpose of filming by production companies and individuals looking to film in Argyll and Bute. It was adopted to ensure that the Council can continue to offer the film industry a flexible range of location options which are fit for purpose. It is also important that the Council developed a structured transparent process when dealing with filming on our assets to ensure the service provides a fair approach to charging to avoid uncertainty and delay with enquiries. The key focus continues to be how the Council can improve the service it is providing to the industry.
- 2.2 A Screen Industries Update Report, which was recently considered at Economic Development and Infrastructure committee on 6<sup>th</sup> June 2019, outlined the work the Council were doing to promote the area for film linked to the Argyll and Bute Outcome Improvement Plan 2013 - 2023 priorities and Argyll and Bute's Economic Strategy, this report builds on this.

**3.0 RECOMMENDATIONS**

It is recommended that the:-

- Policy and Resources committee consider and approve the Film Location Charging Schedule for permanent implementation. Charges to be reviewed annually as part of the budget process.

**4.0 DETAIL**

**4.1 PURPOSE OF PROVIDING A SERVICE TO THE SCREEN INDUSTRIES**

- 4.1.1 The purpose of the Council providing a service to the screen industry is to continue to attract inward investment into Argyll and Bute and to take advantage of any economic opportunities that may arise as a result of a production filming in the area. This includes opportunities to promote and market the area as well as the increased opportunity that film productions may provide to raise the profile of the area from an inward investment and tourism perspective.
- 4.1.2 In 2018 the value of filming in Argyll to date is estimated to be **£1,088,500** as a consequence of the 40 productions known to have been filmed in the area.
- 4.1.3 Screen industries development meets with Argyll and Bute's Outcome Improvement Plan (ABOIP) objective that 'Our Economy is Diverse' and our new Economic Strategy objective under the "Place and People" outcome "Creating a vibrant, cultural experience and strong creative industry" as well as being an excellent opportunity to showcase Argyll and Bute to a national and, in some cases, international audience.

## 4.2 PURPOSE OF FACILITATING THE USE OF COUNCIL ASSETS FOR FILMING

4.2.1 The council has many assets which could potentially be used for filming. To highlight some of the types of property and land the council currently own, please see the below list:

- Office buildings and depots;
- Airports and airfields;
- Schools, community centres and libraries;
- Swimming pools and outdoor centres
- Cemeteries/crematoriums, parks and gardens;
- Landfill sites;
- Piers, jetties and harbours;
- Car parks and bus shelters;
- Monuments and historic sites;
- Trails, footpaths and bridges;
- Toilets and playparks;
- Pitches

4.2.2 We frequently receive requests for filming on Council land, usually small scale productions undertaking filming on footways. However in 2017, there had been a significant increase in demand for Council owned property/land for filming purposes or to facilitate filming. It was identified that Argyll and Bute Council was not in a position to maximise the potential benefits to help sustain assets and facilitate for film. In addition, it was identified that the Council needed to provide clarity to the screen industry around charging for its assets and the governance arrangements to be able to facilitate.

4.2.3 Economic Development conducted a benchmarking exercise and gathered primary information from location managers to establish the standard fee levels and the Council's competitive position within the industry. These findings underpinned the proposed charging model and enforced a more formalised agreement between both the production company and the Council. This arrangement did not require further resource within the Transformation, Projects and Regeneration team or other departments as it was incorporated into the service that the Transformation, Projects and Regeneration team currently provided.

4.2.7 The schedule that was adopted as a pilot aligns with the Council's new commercialised approach to delivering services and ensures that we are making best use of our assets wherever possible. ('One Council' property approach). However, the Council recognises the importance that it remains film friendly and flexible when charging so as not to deter filming within the area.

## 4.3 REVIEW OF IMPLEMENTATION

4.3.1 The implementation of the piloted charging schedule in August 2018 has proved successful to date, with the number of film enquires and productions coming to the area continuing to grow. It has been noted in the previous Screen Industries Update report in June 2019 that the film office facilitated 40 productions. Of these productions, 11 entered into a formal film location agreement with Argyll and Bute Council totaling **£7,805** in commercial and statutory fees. Examples of these productions can be found in appendix 1.

4.3.3 Feedback from the industry has been collated over the past year and Economic Development can confirm that some of those productions who entered into formal agreements have provided the following feedback:

- "As a Location Manager, I found all members of Argyll & Bute Council incredibly easy to deal with and couldn't be more helpful and flexible. There are some incredibly beautiful spots which work well as filming locations – we will be back!"
- "I would like to thank all of Argyll and Bute Council for the considerable help and assistance afforded us that made shooting this project as flexible as possible. Especially in Lochgilphead and Inveraray where had it not been down to the support and great attitude of the Council we would not have produced such great footage."



4.3.4 As the main point of contact, the Transformation, Projects and Regeneration team within the Economic Development service will continue to be responsible for agreeing the charge for properties and film with the customer once agreed with the appropriate contact managing the asset. Additionally the team will check availability of the site/asset, secure the relevant permissions from the landowner, check appropriate levels of Public Liability Insurance and finally grant a filming permit by way of permission. The Film Officer/Technical Support Officer in consultation with the Executive Director of Development and Infrastructure, will continue to have the discretion to vary charges as appropriate in line with the principles of the agreed charging regime.

4.3.6 It should be noted that as of yet the Council are yet to enter into a formal agreement with a large production company which could potentially raise an income of £1,000 per day in commercial fees for the use of one of the Council's assets. Economic Development will continue to promote the Council's assets as potential locations to forthcoming enquires where appropriate. However, the income generated by filming is entirely industry led and therefore cannot be accurately projected and figures are expected to vary annually.

## 5.0 CONCLUSION

5.1 The implementation of a charging schedule for film has been proposed to provide clarity and structure for our customers within the creative industries. It also aligns with the Council's new commercialised approach to property and protects our assets whilst maximizing their use. However, attracting inward investment from filming into the local economy remains the focus and priority of Argyll and Bute Council's Economic Development department and we will continue to strive to provide a film friendly, flexible service to all our customers to the best of our ability.

## 6.0 IMPLICATIONS

6.1	Policy	Supports the delivery of the Argyll and Bute Outcome Improvement Plan 2013 - 2023 and Economic Strategy: Creating a vibrant, cultural experience and strong creative industry
6.2	Financial	Income cannot be projected on an annual basis as it will be dictated by the industry.
6.3	Legal	Formalising the arrangement between the Council and companies will protect the assets and interests of the Council.
6.4	HR	Staff currently involved supporting filming in Argyll are EDST, Property Services, Roads and Amenity Services, Planning and Education.
6.5	Equalities/ Fairer Scotland Duty	None.
6.6	Risk	The council misses an opportunity to receive additional income to sustain its assets.
6.7	Customer Service	If the schedule and governance arrangements are not adopted, the Council will not be able to provide an efficient, transparent service to the film industry which could result in missed opportunities.

**Executive Director with the responsibility for Development and Economic Growth: Pippa Milne**  
**Policy Lead Councillor Aileen Morton**

12<sup>th</sup> June 2019

**For further information contact:**

Natasha Finlay, Technical Support Officer (01546 604873)

## Appendices

*Appendix 1- Examples of Commercial and Statutory Fees Implemented in 2018*

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NOT FOR PUBLICATION by virtue of paragraph(s) 6  
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES****DEVELOPMENT AND  
INFRASTRUCTURE****COMMITTEE****15<sup>TH</sup> August 2019**

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**ARGYLL AIR SERVICES PSO TENDER**

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**1.0 INTRODUCTION**

- 1.1 Following non-compliant tender submission for the initial Argyll Air Services Public Service Obligation (PSO) contract, the procurement had to be abandoned.
- 1.2 After further engagement with market operators a second tender process was undertaken. Following completion of the evaluation process, a compliant tender within the available budget was received from Hebridean Air Services Ltd, the incumbent operator.

**2.0 RECOMMENDATIONS**

It is recommended that elected members note

- 2.1 The new contract for Argyll Air Services will commence with the operator Hebridean Air on the 16<sup>th</sup> September 2019 and operate for a period of 4 years until 15<sup>th</sup> September 2023 for the sum of £2,048,828

**3.0 DETAIL**

- 3.1 The new four year contract will continue on the same timetable as the interim contract. The service offers an amended number of flights, although flights for school pupils travelling to Oban have been secured as a priority. The current interim contract will continue and there will be no break in service from one contract finishing and the other commencing.

**4.0 CONCLUSION**

- 4.1 The new contract for Argyll Air Services will commence with the operator Hebridean Air on the 16<sup>th</sup> September 2019 and operate for a period of 4 years until 15<sup>th</sup> September 2023 for the sum of £2,048,828

## 5.0 IMPLICATIONS

- 5.1 **Policy** - Argyll and Bute Council provide PSO air services to some of our fragile island communities.
- 5.2 **Financial** – Argyll and Bute Council has a budget of £512,207 available per annum (2019-2022) for the provisions of the air services.
- 5.3 **Legal** - Tenders for Public Sector Obligation air services must be compliant with EC regulations.
- 5.4 **HR** – Indirectly through fire cover provision on the islands, potentially as Council employees rather than by Service Level Agreement with Scottish Fire and Rescue.
- 5.5 **Fairer Scotland Duty:**
  - 6.5.1 Equalities – Argyll Air Services support equality of access to opportunities for residents and businesses on the islands of Colonsay, Coll and Tiree
  - 5.5.2 Socio-economic Duty- protected characteristics Air services provide connections to rural island communities primarily for scholars but are also used by public and private sector services e.g. NHS, ABC, Housing Associations.
  - 5.5.3 Islands - Argyll and Bute Council provide PSO air services to some of our fragile island communities.
- 5.6 **Risk** – Air services to the islands of Coll and Colonsay are dependent on fire cover provision on the Islands.
- 5.7 **Customer Service** - None

**Executive Director of Development and Infrastructure – Pippa Milne**

**Policy Leads - Councillor Aileen Morton and Councillor Robin Currie**

**For further information contact: [moya.ingram@argyll-bute.gov.uk](mailto:moya.ingram@argyll-bute.gov.uk)**

## Policy and Resources Committee Work Plan 2019-20

<b>August 2019 - This is an outline plan to facilitate forward planning of reports to the P&amp;R Committee.</b>					
<b>15 August 2019</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
	Financial Monitoring Reports Pack	Financial Services	Every Meeting except May	16 July 2019	
	Budget Outlook	Financial Services		16 July 2019	
	Customer Services and Financial Services Quarterly Performance Report FQ1 2019/20	Customer Services	Quarterly	16 July 2019	
	Service Annual Performance Reviews	Customer Services	Annual	16 July 2019	
	Local Government Benchmarking Framework 2017/18 – Analysis and Commentary	Customer Services	Annual	16 July 2019	
	Wellbeing Strategy: Improving the Wellbeing of our Workforce	Customer Services		16 July 2019	
	Strategic Events and Festivals Fund – Lessons Learnt and Key Changes to 2020/21 Fund Process	Development and Infrastructure Services	As required	16 July 2019	
	Draft Community Food Growing Strategy	Development and Infrastructure Services		16 July 2019	
	Business Loans Scotland Ltd – Proposal to amend the Articles of Association	Development and Infrastructure Services		16 July 2019	
	Marine Industry Training Centre	Development and Infrastructure Services		16 July 2019	
	Screen Industries Charging Schedule	Development and Infrastructure Services	As required	16 July 2019	
	Argyll Air Services PSO	Development and		16 July 2019	February 2019 meeting agreed

## Policy and Resources Committee Work Plan 2019-20

		Infrastructure			that report would come to future meeting once procurement exercise was complete.
<b>Future Items</b>					
	IHR Policies: <ul style="list-style-type: none"> <li>• Attendance Management Policy</li> <li>• Secondment Policy</li> </ul>	Customer and Support	As required		Date to be confirmed.
	Service Planning 2020-23	Customer Services			To come to meeting on 12 December 2019.
	Third Sector Recycling Services	Development and Infrastructure			Council June 2019 – Instructs officers to report to Policy and Resources committee on options for service delivery post March 31 <sup>st</sup> 2020 once an evaluation of those options has been completed.